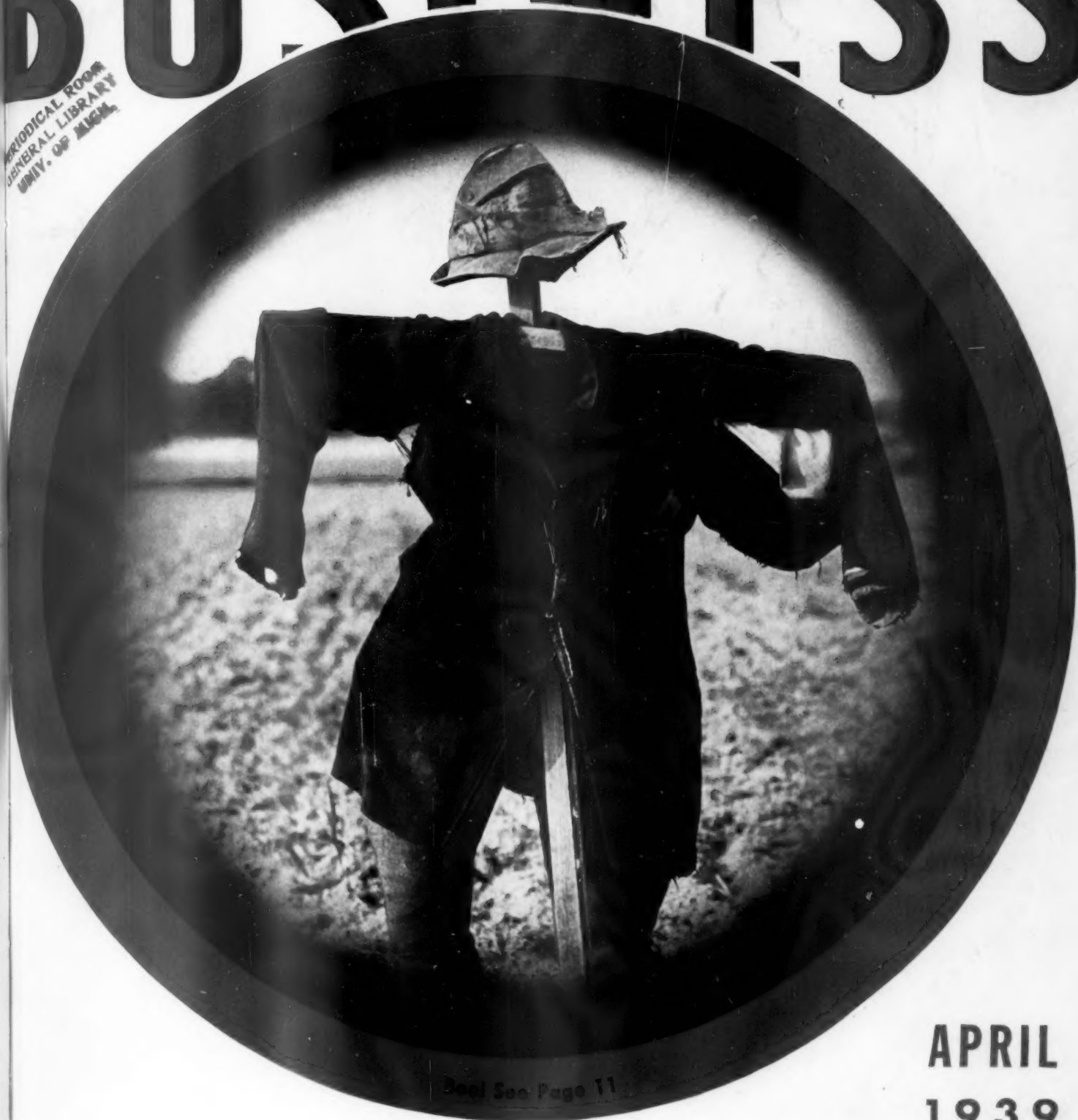


APR 3 1939

NATION'S BUSINESS

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Don't See Page 11

APRIL
1939

Can We Go on Mortgaging the Future? • Foreign Trade's Unknown Quantity • If You Print a Report for Employees • Industrial Peace Overseas



from Here to Ear

THE SHORTEST DISTANCE IS LONG DISTANCE

YOU have a message. You want an ear. It's miles away, with millions of other ears in between. But Long Distance will deliver your message quickly right to the ear you want to reach—and bring back an answer.

When you want *personal* news from far-away relatives and friends . . . when you need *immediate* information on business problems . . . turn to your telephone. It's *direct*. It's *fast*. It's *inexpensive*. Look in the front of your telephone directory and see how *low* the rates really are. Then



name the number and the EAR
is HERE!



Shake Hands with Our Contributors

SPENDING borrowed funds for activities that bring nothing back into the business and with no plan for repaying them could mean only one thing to a business man—eventual bankruptcy. Yet the Government rolls merrily along with every outward appearance of continuing that sort of program. **Arthur A. Ballantine** thinks the spending-lending policy has reached the point where counter-measures must be applied and minces no words in telling why. Mr. Ballantine has served as undersecretary and assistant secretary of the U. S. Treasury, solicitor of internal revenue and as an advisory counsel on taxation to the Treasury Department.

E. L. Bacher is head of the Foreign Commerce Department of the Chamber of Commerce of the United States and has been in touch with the export business both at home and abroad for 27 years. He is also a member of two committees of the International Chamber and American Secretary of the Canadian-U. S. Committee maintained by the two national chambers. For the past five years he has directed observance of National Foreign Trade Week under sponsorship of the National Chamber.

E. J. Mehren was successively editor of *Engineering News-Record*, vice president of the McGraw-Hill Publishing Company and president of the Portland Cement Association. He recently made a trip around the world to study labor conditions.

J. Gilbert Hill is on the staff of the Oklahoma Publishing Company in Oklahoma City. He calls this article a sequel to story printed in *NATION'S BUSINESS* in March, 1938, entitled "Land Ownership Won't Make Smart Farmers."

Edmund Stone is a former correspondent of the *American Paint Journal* who has had an unusual opportunity to watch the development of the Clean Up & Paint Up Campaign.

Margery Rae became interested in the family migrations that take place during the spring and fall. In digging up her background information she interviewed many old timers in the moving business. We rated her text interesting, and believe our readers will find it useful as well as entertaining.

Herbert E. Fleming, associated with the Business Research Corporation in Chicago, made it his job to look into the annual statements of representative corporations. His conclusions are of particular interest to *NATION'S BUSINESS* readers who may remember the model simplified statement which was printed in this magazine in 1935 and has since been adapted to the uses of many corporations.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S. VOLUME 27 Merle Thorpe, Editor & Publisher NUMBER 4

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BUSINESS DEPENDS ON MONROE FOR FIGURES

IF your business had to go back to old-fashioned figuring methods you'd be sunk. Costs, sales, payroll, interest, estimates, reports—modern business must have a constant flow of speedy, accurate figures. Monroe figuring dominates in American business just because Monroe machines are turning out the greatest number of accurate figures at lowest cost and with least strain on the figure workers.



CLEANLINESS . . "Windex" for windows and "Drano" for drains, both made by the Drackett Company of Cincinnati, are well-known to housewives and used everywhere. Monroe machines keep the diversified figures of this great business moving along quickly and economically.



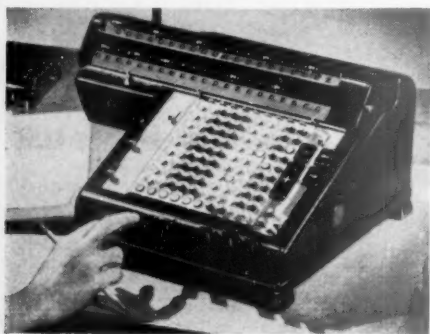
GLASS . . Pyrex ware, railway signals, giant telescopes, neon sign tubing—Corning Glass Works is the great name in research and the making of glass—and Monroe machines are playing their part in speeding up the figures in many of the departments of this famous business.



DAIRYLEA . . The Dairymen's League, owned by 40,000 farmers, produces over 1½ billion quarts of milk a year. Monroes speed up their figure work.



TEXACO . . Think of the figure work involved in the refining and distribution of Texaco gasoline and oil—at refineries and offices all over the land. Monroes, both adding-calculators and listing machines, are at work for The Texaco Company.



TRY IT . . Ask the nearest Monroe branch to show you this new A1 Monroe Adding-Calculator. See how "Split-Second" short-cut multiplication saves time. Every operation is automatic—it is a flexible, all-purpose machine that will speed up figures and cut costs.

A MONROE FOR EVERY FIGURE JOB
 ADDING-CALCULATORS
 LISTING MACHINES
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 CHECK WRITERS
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CALCULATING MACHINE COMPANY, INC.
 GENERAL OFFICES • ORANGE, N.J.

Monroe Calculating Machine Company, Inc.
 General Offices, Orange, New Jersey

Please send me free booklet "Two Answers for One"

Name

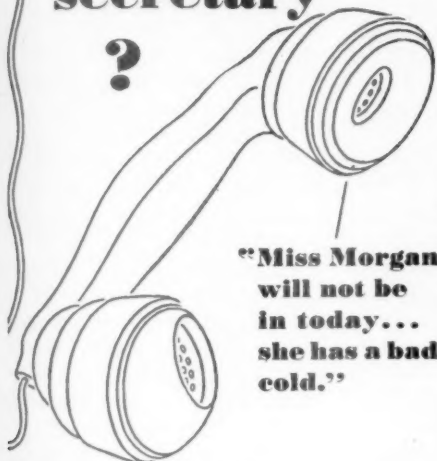
Firm

Address

MORE THAN 150 MONROE-OWNED BRANCHES SERVE AMERICAN BUSINESS

How often is this message sent by your secretary?

?



"Miss Morgan will not be in today... she has a bad cold."

All too frequently colds, and enforced absences, are traceable to unsanitary drinking facilities. Avoid them in your office by installing AJAX or AERO cups—pleasant to use and handsomely served from dust-tight steel or Bakelite dispensers. The cost is trifling.

How AJAX or AERO cups aid efficiency is told in a booklet "New Dividends for Business." Free to executives on request. Check square below.



- ☐ Mail us your FREE BOOKLET, and
☐ Have dealer tell us about the special One Dollar "GET ACQUAINTED" Offer.

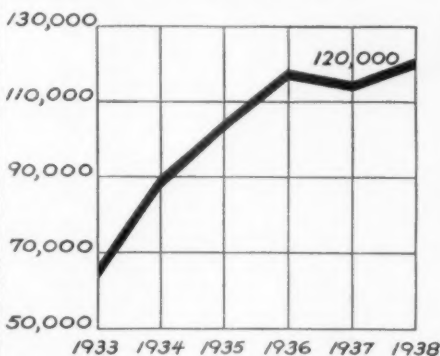
LOGAN DRINKING CUP CO. Div.
 68C PRESCOTT STREET, WORCESTER, MASS.
 270 Broadway • 221 No. LaSalle Street
 New York Chicago

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 416 Second Street, San Francisco

Through the EDITOR'S SPECS

One rising index!

DECEMBER registered an all-time high in federal civilian employment in the District of Columbia. The number of Washington employees under Civil Service reached 120,589, or nearly twice what it was six years ago.



Fulfillment

FOURTEEN years ago NATION'S BUSINESS received a coveted advertising award from Harvard University for its message, "Let Washington Do It," which decried the rising trend toward centralization of government.

Last month we were accorded a similar honor in the 1939 *Advertising and Selling* award for "the advancement of advertising as a social force." It recognizes the "What Helps Business Helps You" series of messages opposing today's fulfillment of what was in the making in 1925.

That the warning sounded 14 years ago was prophetic is attested by every sign of the times, including the chart on this page. Now that our efforts in the same cause have been cited again, we may say with the poet that "truth is great and shall prevail."

No cause for alarm

SEARCHING for data to prove the existence of that much-publicized undernourished third of the nation, the Federal Bureau of Home Economics discovers that half of the low-salaried city workers subsist on below-standard diets. Secretary Wallace warns that "millions of families" lack adequate food and he proposes ration cards for the undernourished—and

also to use up the food surplus. However, it is extremely doubtful that the sum total of food actually consumed will be greater. Per capita consumption of food in this country is approximately one ton annually, and that figure has remained nearly constant whether in the balmy days of 1928 and '29 when "men wanted" signs were a commonplace or in our more recent period of "emergencies."

A matter of latitude

THE GIRLS are all aflutter this spring. More momentous to them than the Rome-Berlin axis or the Federal Reserve index is, "Where is my waistline to be?"

Last year the bosom held the feminine raiment spotlight; this year it's the waistline. But what bewilders the girls is that those elegant arbiters who issue Fashion's decrees permit too much latitude in its location. It may be the high Empire line, or the low Medieval just over the hips, or the high-low "Spool" style centered somewhere near the equator. How is a 1939 beauty to know what "they" are going to wear, when Paris speaks with such equivocation? It's really a tough decision for the girl whose figure is so perfect that she can draw the line anywhere in reason.

Worse yet is the predicament of dress manufacturers and buyers who want to order what they can sell. They, too, prefer that Fashion's dictates, however fickle, be less arbitrary and more definite. The waistline question bears the ugly menace of anarchy in a world long accustomed to absolute rule.

All for dear old varsity

NO ONE seems to have denied the report that 19 members of the University of Florida football team were carried on relief rolls by the W.P.A. last summer. G-Men are said to have been sent from Washington to investigate—but not the clustering of these boys at the public trough or what they were doing to earn their money. That was accepted as a worthy, even if somewhat unorthodox, lift for higher education. Authorities were concerned by charges that when the college term opened and the players resumed their



"**W**E'LL still be young men, Bill, when the bonds to pay for that water main are retired. Then, we'll never have to spend another tax dollar to replace it. Why? Because it's cast iron pipe. Down in the city they're digging up some other kind of pipe the town fathers took a chance on less than 20 years ago. Cast iron pipe serves for a century—that's why they call it *Public Tax Saver No. 1*."

* * *

Water mains represent about one-third of this country's 5-billion-dollar investment in public water supply systems. More than 98% of these mains are cast iron pipe with a *known* useful life at least double the *estimated* life of other water main materials. Because the tax-saving, through deferred

replacements alone, is enormous, cast iron pipe is known as *Public Tax Saver No. 1*. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, which rust does not destroy. Made in diameters from 1¼ to 84 inches.



Unretouched photo of a cast iron water main installed 118 years ago and still saving taxes for the citizens of Philadelphia.

CAST IRON PIPE

PUBLIC TAX SAVER NO. 1

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BUILDING, CHICAGO

amateur status those 19 names remained on the rolls.

Anyway, it's comforting to observe that *some* regard for ethics was shown.

Kitchen heresies exposed

A MAINE legislator proposes a law to punish fittingly the culinary offense of putting tomatoes in clam chowder. We recommend this worthy legislation to the national Congress. It might well ban the use of tomatoes in chicken soups and certain salads, also. Tomatoes are fine in their place, but they are not, as some cooks seem to think, a synthetic vegetable.

We wonder what the Maine defender of culinary purity thinks of string beans boiled in water without meat, or good sweet potatoes spoiled by mashing. Something should be done to preserve from extinction what Della T. Lutes calls the "Vulgar Vittles." The American table is becoming insipid with salads prepared for reducing females. Another generation of this and tiddly-wink will be the national game.

When bread cost a life

OUR FRIEND Joseph Smith of Tuckerton, N. J., has been delving into the part bread has played in history. He finds the staff of life mentioned frequently in man's annals, but nowhere more dramatically than its rôle in the death of Danton, the French revolutionary leader.

After Danton had been arrested and denounced to the Revolutionary Tribunal by Robespierre he made an impassioned defense, addressed to the galleries instead of the merciless row of judges. He was winning the sympathy of the Paris mob. Their passions would probably have burst all bounds and forced Danton's release but for an idea that came to his wily foe. Robespierre rose and announced that the daily bread ration had just arrived for distribution. In a few minutes the hall was emptied of spectators. Judgment was pronounced and next day Danton rode to the guillotine.

Pressure selling

A BUSY DAY in the life of an American mayor:

In one round of Washington shopping, Mayor LaGuardia of New York City completed preliminary arrangements for a \$15,000,000 slum clearance loan, opened negotiations for a \$41,000,000 bridge building loan, applied to the F.C.C. for more time for Gotham's own radio station, obtained a new branch office for the Civil Aeronautics Authority, discussed new P.W.A. projects with Secretary Ickes and suggested several worthy causes

to Administrator Harrington of the W.P.A.

Young careerists in municipal administration will do well to study how to win friends and influence people—in Washington.

Blessings that money buys

AN EMPLOYEE comes to work "down in the mouth" and not more than 50 per cent efficient because of personal troubles that money will cure. An investor decries the fact that his savings must rust in a bank at two per cent, for lack of a desirable investment that will earn more. It's to the honor of the new-type cash credit agencies that they are bringing these two together, satisfying the needs of both and in the process creating a large industry.

As long as we have people who will not or cannot save from their earnings there will be personal and family crises—illness, death, losses from unwise investments, children to educate, daughters to marry off, old debts to refinance, etc.—that can be met only by loans against future earnings. Regular commercial banks do not function for such a service. More often than not, the employer has stepped into the breach and advanced money, but always reluctantly, as he is not engaged in the loan business and prefers sticking to his specialty. The personal credit agency came along to relieve employers of what is to them a nuisance, or to rescue necessitous employees from the man-eating loan shark.

Another breathing spell?

"IF THE WHEELS of invention were stopped and the processes of discovery settled, we would, I am sure, continue to live in comfort," opines William O. Douglas, chairman of the Securities Exchange Commission.

Doubtless we also would manage to survive if the wheels of innovation in social reform were stilled for a spell.

Back to the farm—or city?

A LEARNED New York rabbi advises his city congregation to send young people to the farms, where economic self-sufficiency is to be had. On the very same day a Stanford University professor declares there are already too many farmers; that they cannot hope to prosper because social forces are inexorably reducing the proportion contributed by agriculture to the national life.

Farm Security Administrator Alexander agrees with the professor's view. He told a Negro Youth Conference that there are more rural people than the land can support. The Government, he intimated, has plans in

HE CHALLENGES TROUBLE

for the 18 millionth time

WHO IS THIS glutton for trouble, this man who has gone out to meet it 18,000,000 times? A familiar, respected figure in about half of the nation's insured power-plants and factories, he is the Hartford Steam Boiler field inspector. He helps safeguard industry against disaster.

These 18,000,000 inspections of power equipment establish a record unapproached in the field of engineering insurance. Without them, the Hartford organization could never have developed its extraordinary knowledge of where and how trouble will betray the first faint symptoms, nor its ability to minimize the chances of catastrophe.

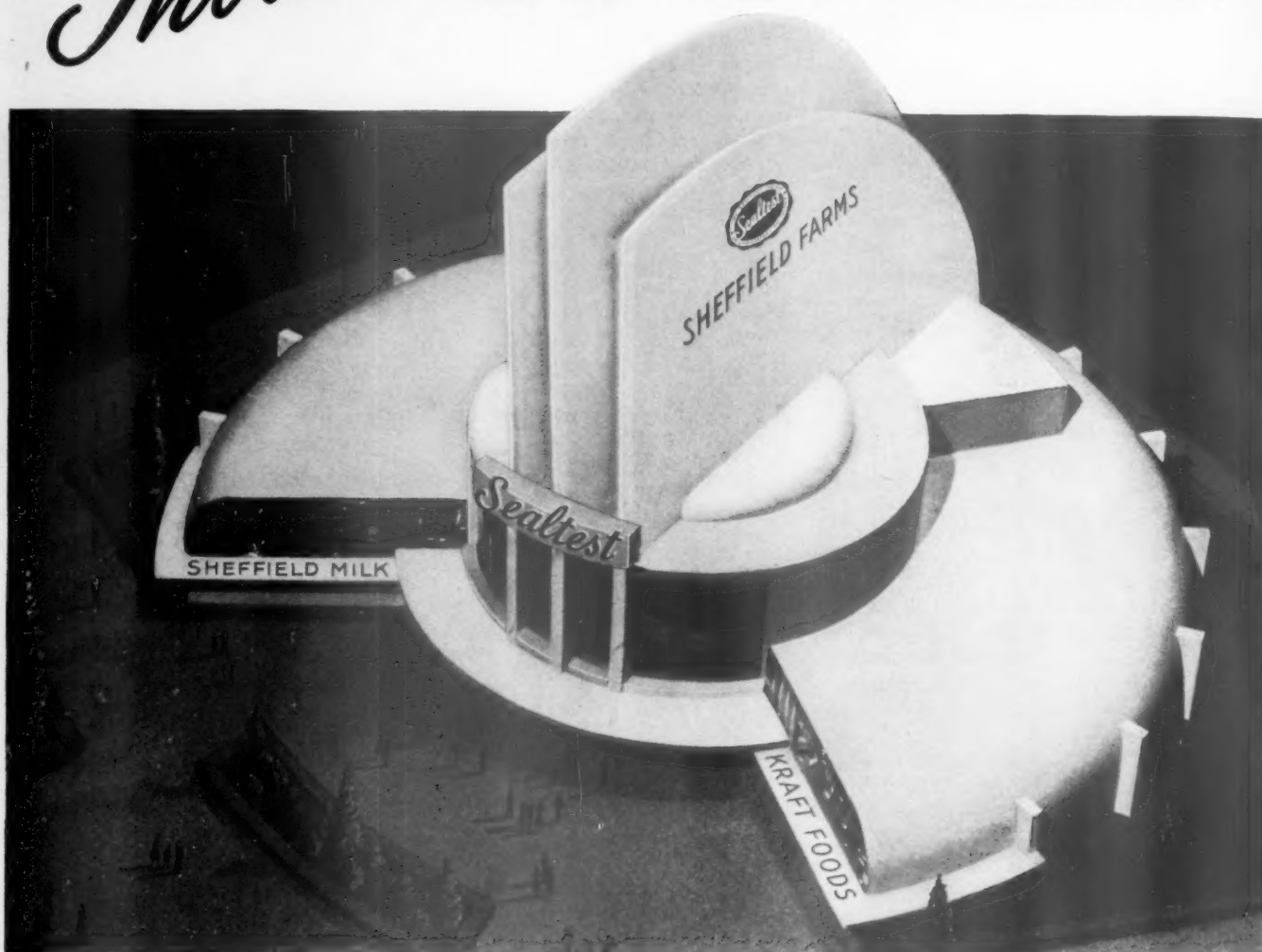
Why do so many agents and brokers recommend Hartford Steam Boiler and so many executives insist on this company? Because they realize that Hartford brings to every plant the protective benefit of experience elsewhere unequalled. Because the expert judgment of the home-office engineering staff belongs to every policyholder for the asking. Because more than 400 field specialists cover the country, quickly available in any power-plant emergency.

**THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE
COMPANY** HARTFORD
CONNECTICUT



Invitation

TO THE WORLD OF TOMORROW



VISIT THE SEALTEST BUILDING AT THE NEW YORK WORLD'S FAIR . . .

Sealtest extends you a cordial invitation to visit the Sealtest Building at the New York World's Fair.

You will see how Sealtest builds to a healthier, happier tomorrow by *making life safer*, today. You will see milk processed and bottled, ice cream blended and frozen, cheese prepared and packed. You will see the constant testing, checking and supervising through every step by Sealtest Laboratory workers.

You will see how Sealtest standards of quality and purity are maintained in thousands of communities by this laboratory control.

Visit this great World's Fair—and the Sealtest Exhibit.



SEALTEST BUILDS TO A SAFER, HAPPIER TOMORROW . . . BY MAKING LIFE SAFER, TODAY
The red-and-white Sealtest Symbol on milk, ice cream and other dairy products means those products are approved for quality, purity and wholesomeness by the Sealtest System of Laboratory Protection.

Copyright 1939, Sealtest, Inc.

THE SEALTEST SYSTEM OF LABORATORY PROTECTION AND ITS MEMBER-COMPANIES ARE DIVISIONS OF NATIONAL DAIRY PRODUCTS CORPORATION

the making to reduce the farm population.

It is comforting to reflect that if let alone the farm-city balance always adjusts itself through our economic price system. Preachments and inspired population movements may delay enforcement of the fine old Law of Compensation, but cannot affect the final result.

Priced too high

DR. STANLEY KING, president of Amherst College, subscribes to the good old maxim that he who pays the fiddler calls the tune. The income of private educational institutions from their endowments has dropped by a third and will go down still more, he says. These schools must decide shortly whether to remain independent but financially handicapped or to accept government subsidies in return for whatever supervision may be imposed as the price of them.

"In the latter event," he concludes, "they will no longer be the free institutions that have made this country what it is."

It might be called dollar diplomacy applied to education.

Planned for us

NOTHING amuses us more than the bland assumption that Americans had no economic and social planning before 1933. There was planning of the broadest, most daring scope in the Continental Congress and the Constitutional Convention. Lincoln and his cabinet consulted no charts before issuing the Emancipation Proclamation, but it was none the less calculated for long-range effects. Those who built the great transcontinental railroad systems planned with a far-seeing eye. (Every business conference and convention perfects details of a vast plan far too big for the conception of most "liberal" professors.)

The vision has been caught admirably in a splendid brochure to advertisers by the New York *World-Telegram*, in which we find this passage:

Only recently have we as a people realized that our well-being, unlike Topsy, did not just grow, but that it is in fact the planned result of the American way of life.

A time to say "No"

RESURRECTION of the "Quoddy" federal power project recalls George W. Stetson's plain-spoken rebuke of that piece of socialism when it was in the spotlight in 1935.

Mr. Stetson heads a Boston company manufacturing equipment used in power plants. He received an invitation from the Corps of Engineers, U. S. Army, to bid on the "Quoddy" re-

quirements, and this is part of what he wrote in reply:

We do not care to bid on equipment for this or any other Government project which is economically unsound, meaning that it cannot pay its cost. Such projects waste the taxpayers' money and the nation's credit. They duplicate work already done adequately and efficiently by private industry. The less we have to do with projects of this character the better we like it.

Mr. Stetson's bid is recommended to other executives who don't relish business that hastens their own funeral.

Uplift in Illinois

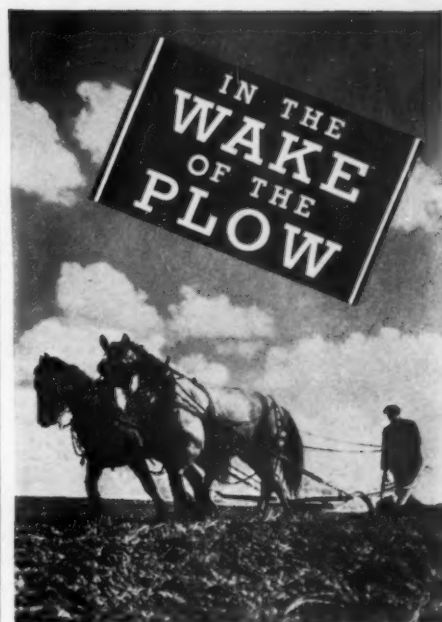
EIGHT HUNDRED farm families in the Crab Orchard Lake district of Southern Illinois are wondering where they go from there.

For more than a century their people have lived in this section without feeling sorry for themselves. But planners came from Washington to tell these folks that their land is submarginal. The Government was taking it over and would resettle the residents. They didn't want to be resettled. A reforestation plan was next. It gave way to flood control, and finally to a fish preserve and pleasure resort scheme. A dam was constructed and the whole area will be submerged. Williamson County will lose one-fourth of its taxable farm acreage.

Oh, yes, the Illinoisans will be paid for their lands. Government appraisers are telling them how much. Walter Ghent of Carterville told a reporter he had set out 8,500 apple and peach trees and spent \$45,000 in developing his place. Secretary Wallace's young men set a price of \$17,800 on it. Alonzo Bowyer is to get \$39 an acre for land which he claims has yielded 72 bushels of corn to the acre.

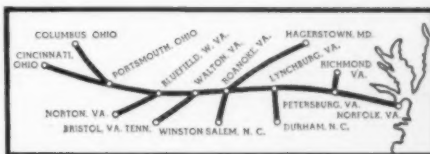
Boo!

ON OUR cover this month Photographer H. Armstrong Roberts pictures a figure which has played an important part in American life. Standing patiently in the fields, scarecrows have protected the labors of generations of farmers from marauding birds. Apparently a crow cannot tell a synthetic menace from the real thing. Unfortunately, many humans have this same failing. Too frequently, especially in recent years, we have fled to the Government demanding protection from dangers which were only scarecrows. Often the politician who volunteered to protect us was the same man who set up the scarecrow in the first place. It's an exciting game, but expensive. It will be easier to balance the budget if, in the future, we examine the danger more carefully before permitting politics to come panting up to make a spectacular and costly rescue.



PROGRESS follows in the wake of the farmer's plow! Many of the nation's huge industries today are dependent upon the products of the soil for raw materials and upon the farmer himself as a market for their manufactured products. To adequately maintain the vital contact between farm and factory, efficient rail transportation is of first importance. Precision Transportation—the Norfolk and Western Railway's unexcelled freight service—provides that contact for shippers and receivers between the Midwest and the Virginias and Carolinas and between the North and the South. Every freight shipment routed via the Norfolk and Western is handled carefully, dispatched promptly, and delivered on time. Specify Precision Transportation on your next shipment. Any of the Railway's Freight Traffic Department representatives will gladly furnish complete information regarding rates, routes, and schedules.

At Roanoke, Virginia, the railway maintains an Industrial and Agricultural Department that will gladly furnish complete information about industry and agriculture in the railway's territory.



NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

Living up to the Greatest Name in Rubber

The Mile-Long CONVEYOR BELT

ENGINEERS all over the world are gleaming new ideas today from a spectacular achievement in Goodyear rubber—the world's longest conveyor belt now in service at Grand Coulee Dam. Twice as long as any belt ever built, it is a goliath of rubber 9,700 feet in length, 48 inches wide, weighing 80 tons. This veritable rubber railroad carries an endless load of stone aggregate—two thousand tons every hour—for a mile-long ride from screen house to dam site at lower cost than any other transport method. It opens a new era in the economical handling of bulk materials.

Never before has so large a single unit of rubber been built for any purpose. Its huge bulk involved strains and stresses of tremendous magnitude; ample safety factors had to be provided. Into its design went all the knowledge Goodyear has gained in building belts that hold the world's record for tonnage in other operations. Its successful performance bespeaks the skill of Goodyear Technical Men and Goodyear's great research laboratories in developing rubber to serve any task. It is one more evidence of Goodyear's stewardship of the greatest name in rubber.



The Rubber "Railroad"

—equipped with 9,700 feet of Goodyear conveyor belting; operates on centers 4,835 feet apart; travels 450 feet per minute; carries 2,000 tons per hour.



1839 • THE CENTENNIAL OF RUBBER • 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration, and seeks by serviceability to deserve his name.

THE GREATEST NAME  IN RUBBER
GOODYEAR



Libelling a Label

SPRING fashions in politics are as much distinguished by the bright colors of their "isms" as by the major emphasis on party lines. And none of the current style accents is more significant than the variations issuing from interpretations of what constitutes "liberalism." For scarcely a day passes that some "friend of the people" does not invoke, in the name of liberalism, more power for government.

Obviously one man's liberalism is another man's authoritarianism.

If we boil down all the "isms" of the troubled world today, we get the simple essence of an age-old struggle, two doctrines pitted against each other. One demands that the citizen be subject to a ruler *unconditionally*. The other insists that the citizen be subject to a ruler *conditionally*.

Look the world over and the question is: Shall we fight to decrease the coercive power of rulers over subjects or, under seductive promises of benefits to come, permit its increase?

Our Bill of Rights is to the point. It laid down the conditions, it set the limits beyond which rulers could not go. No abridgement of freedom of press, of speech, of worship; no search and seizure; no denial of trial by jury.

The true liberal fought to decrease and limit governmental power. "Liberalism," declared Herbert Spencer, "has habitually stood for individual freedom versus state-coercion."

It is disheartening to see ourselves today as citizens of a world from which this philosophy has been banished from nation after nation. The movement toward true liberalism, toward human freedom, toward a recognition of the dignity and of the worth of the individual has suffered catastrophic reverses. Nation after nation has decided to seek efficiency and a phantom security by subordinating and regimenting the individual to a central and despotic authority.

Everywhere liberty is on the defensive. The


rights of minorities are suppressed. Freedom of discussion, the right to differ, the right to live one's own life, these things are denied today to millions upon millions of the earth's population.

What is happening abroad is no local affair. America is not immune. It can happen here. There are no international barriers or immigration walls against the contagion. The pity of it, the irony of it, is that the cause of state-coercion is led by those who label themselves "liberals." In the name of this pseudo-liberalism, individual freedom, both economic and political, is called upon to sacrifice itself in favor of more political boards, bureaus, commissions, federal corporations, and authorities, to sell its birthright of written law for the uncertain hour-by-hour compulsion and discipline of petty rulers.

At those who oppose the whim and favoritism of administrative law, the neo-liberals stick out their tongues and cry "Tories, Reactionaries." Vociferously announcing their liberalism, they forget that this nation is great because it has encouraged the growth of the individual, because it has abhorred repression and restriction of the private citizen. They forget that it was an absence of the spurious liberalism of today which made possible the American saga, an absence of feudal edicts and legislative fiats in the economic field. They forget that true liberalism founded America, nurtured it, and watched it grow strong.

Here is one test by which you can identify the true liberal: he is one who has faith in the American people, who believes that their minds and hearts and wills are adequate to the correction of their mistakes, adequate to assure their progress and their destiny without surrender of the rights which gave them their envied distinction among the world's citizens.

Mere Thorne



LOTS OF BOOKKEEPERS ... ARE CLOCK WATCHERS

It's because of
**STOP
LOOK**
POSTING

● Most bookkeepers—yours, probably—fight the time element. So many hours to finish the ledgers. So many, to get the statements out. They're handicapped by STOP—LOOK posting—STOPS to study the keyboards of their machines before an item can be recorded, LOOKS to determine the column in which an entry should be made. The result is clock watching.

This is why Remington Rand-Dalton Bookkeeping Machines have moved into so many accounting departments. The Dalton keyboard may be touch operated! It has only ten numeral keys. Regardless of amounts and volumes of figures, tens automatically go under tens, hundreds under hundreds—without a STOP or LOOK.

Other Dalton operations are automatic. Dates, for instance, are automatic for the day. Debits are added to previous balances, credits are subtracted, new balances are computed and extended—all automatically. And an itemized and totalled proof-record automatically proves your work is right. These automatic features save time, earn profits, prevent anxious watching of the clock.

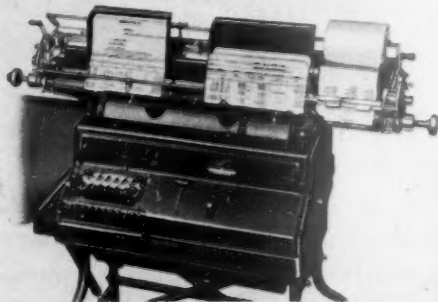
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Public debt eventually comes home to the average citizen

Can We Go on Mortgaging the Future?

By ARTHUR A. BALLANTINE

ADVOCATES of free spending insist that government deficits are a good thing. Let's follow their argument to its logical conclusion

PUBLIC DEBT eventually comes home to the private citizen. As he periodically frets over his annual report of income—or the lack of it—to an exacting government, the very completeness of his concentration is likely to make him lose sight of the fundamental fact that there is no tax holiday.

No matter how many transactions obscure the identity of the ultimate supporter of government, the truth is that government must finally look to the people for the money to make good its financial commitments.

What the citizen pays directly he knows and feels. To make him conscious of what he pays indirectly has become a major objective for taxpayers' associations, groups of security holders, and chambers of commerce.



We are urged not to worry about the debt because it is owed internally

Gradually the taxed are discovering that they have a vital stake in public policy. They are becoming more and more curious about national finance. And they are finding their tongues.

As I write, the question of whether we shall continue to mortgage the future with unbridled government spending in the present is as much a matter of politics as of economics. It has significance for every one, old and young, employed or unemployed. The outcome is likely to determine the pattern of their lives.

Advocates of free spending press the idea that it admits of no stopping. The issue is whether continued federal deficits are to be treated as a blessing, creating larger national income, prosperity and security, or as essentially a danger threatening ultimately to undermine the economic structure, produce misery and defeat social progress.

It is not a question of humanity against inhumanity or sensitiveness to distress against apathy and indifference.

It is a question of economics, of business and financial engineering calling

not so much for emotionalism as for hard thinking.

The old view was that the Government should pay its bills as it went along out of current receipts, should borrow only for some extraordinary and presumably temporary purpose—in fact only for war purpose—and should reduce such debts with all convenient rapidity.

The theory was that, in this way, the Government, as a separate institution, remained strong and independent, able to choose its own course without constraint and meet emergencies. This course made for placing the least possible burdens on industry and agriculture which supply the living of the people and of the Government.

Voting taxes was regarded as spending other people's money, something to be sparingly practiced. This was the financial plan under which the central Government was administered until recently. In general the plan was successful.

The new regime, coming into office with ardent profession of loyalty to the established view of government finance, soon gave up any adherence to that plan in fact, and has now adopted a formula which seems to discard altogether any idea of the need or virtue of balancing expenditures and receipts.

It was discovered that government bonds and other obligations could be placed in banks and insurance companies in amounts never before imagined to be possible.

A policy of deficits

BY THE end of the 1937 fiscal year, federal deficits under the new administration totalled \$18,600,000,000, averaging \$2,300,000,000 annually. Beginning with 1937, revenues increased so much, due in part to increased business activity and in large measure to new taxes, that the deficit for the fiscal year 1938 was less than \$1,500,000,000.

In the spring of 1937, however, business receded. The answer of politics was not to look carefully at rectifying government policies which might be regarded as unduly hampering commerce and industry, but to resort to further deficit spending. The result is an estimated deficit of almost \$4,000,000,000 for the current fiscal year, with a shortage of something more than \$3,000,000,000 now in sight for the fiscal year 1940.

Nineteen forty will be the tenth year of continuous federal deficits. It is estimated that, at the end of that year, the deficits will total more than

\$27,000,000,000; that the national debt will then stand at nearly \$45,000,000,000 or more than twice the 1933 figure with more than \$5,000,000,000 of guaranteed obligations in addition. Interest charges alone next year will be more than \$1,000,000,000. That is more than it cost to run the entire Government in 1916.

Clearly this situation has not led the Administration to resolve to reduce spending or to cut taxes. Indeed expenditures, although at the record rate of \$9,000,000,000 a year, appear to be increasing.

Expenditures for national defense are mounting. The national health program, recently recommended by the President, would involve ultimately the outlay of \$850,000,000 a year. The proposed addition of some 6,000,000 more persons to social security provisions would certainly add more than twice that amount. Instead of trying to reduce expenses, the Administration has adopted a new theory of federal finance defending deficits.

Formerly deficits were apologized for as departures from sound and desirable practice. Deficits were described as due to the emergency; they were temporary, for recovery and relief; they were never ordinary financial procedure. In the President's message of this year, however, we find deficits at once domesticated and glorified.

According to the new theory, deficit spending will increase the national income by amounts far greater than the amount of the deficits, and will, sooner or later, increase the Government's own revenues under an existing tax structure, so as to catch up with the deficits. Expenditure from deficit dollars is regarded as more potent than expenditure from revenue dollars, as it is said to represent a net addition to purchasing power.

Spending makes more spending

SOME advocates of this theory maintain that they would like to balance the budget. But it is obvious that serious reliance on the new theory makes this impossible. This is not merely because continued spending means the maintenance of vast spending agencies, hard to dislodge, and of classes of recipients of government expenditure still harder to dislodge. It is also because it would be too much to expect that government expenses and income would ever be balanced, as the Government would always be pushing on for new increases in income through new deficits.

It would be pleasant indeed to feel warranted in believing in the enriching nature of deficits. History and experience, however, do not seem to indicate that states or peoples have

(Continued on page 76)



Deficit financing makes budget balancing impossible because the Government must continually seek more income through new deficits

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Foreign Trade's "Unknown Quantity"

By E. L. BACHER

DESPITE wars, rumors of wars, and the heavy burden of governmental interference, the world's exporters carry on

TWENTY-SIX years ago I was living in the Island of Java, in the Dutch East Indies, representing an American oil company. It was 1913, the year before the outbreak of the World War.

I carried no passport. Few travellers did. Travel was comparatively unhindered. When I arrived I took out a permit to live in the Island and from that time on no official documents were required of me.

Tariffs were low. Customs regulations were simple.

Government monopolies were few. Exchange restrictions were unknown. Quotas on imports were non-existent. Barter we thought of as our Chinese agents swapping kerosene for rice. Swapping as between governments was unthinkable.

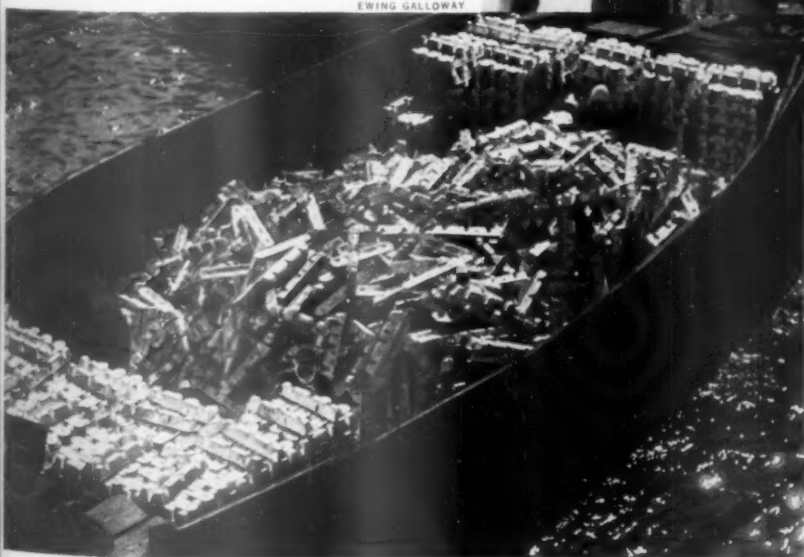
Had you, in 1913, joined us at *rijsttafel* at the Hotel Des Indes at Batavia, and, by divination, given us a preview of what confronts the for-



EWING GALLOWAY

PHILIP GENDREAU

A shipment of heavy machinery to Europe and a lighter of aluminum bars being unloaded in Japan (left) are typical items subject to changing governmental decrees



oreign trader today, your uncanny knowledge would have been ascribed, I'm sure, to intoxication rather than to prognostication.

Two years later—early on the morning of March 8, 1915—I was put under technical arrest by the "Master Attendant" in Singapore harbor for not having an American passport. The fact that I was a transit passenger on the Dutch steamer *Melchior Treub* bound from Java to Sumatra made no difference. I had plenty of



A German plane flying over Buenos Aires is significant of European penetration into South American markets

companions in detention and, the World War being still young, most of us talked our way out of our predicament before the boat sailed.

We thought it a novel experience of war days. As I look back at it now, however, I realize that actually it was our first personal contact with the "new order of things" in world economic affairs. It symbolized the opening chapter of government control of travel, followed quickly by governmental control of commodity shipments, prices, and foreign exchange; and government requisition, expropriation and confiscation of property—constituting the almost trackless maze through which foreign traders of all countries have had to force their way during the war, post-war and depression years.

Born of "military necessity," this widespread government interference in the normal processes of trade thrived on afterward under the plea of "national policy." It stands today as the "unknown quantity" in the export equation—and the unpredictable one. National economic strategy, predicated on political objectives, has too often been determined in the secret councils of war and post-war diplomacy, and



When these Javanese natives carried kerosene for transshipment in 1913, governmental monopolies were few and exchange restrictions unknown

too frequently long-range export planning for the individual has had to become a nervous gazing into the crystal of political trends rather than a matter-of-fact weighing of economic facts.

We still lead exports

BE IT said this early that, from the United States point of view, this situation has these encouraging aspects: Our foreign trade has had less interference by our own Government than has that of the majority of nations. We are still the world's leading exporter and are the third largest importer. Our foreign trade recovery since the

low of the depression has been vigorous despite existing obstacles. Our quality merchandise backed by mass production methods in our huge domestic markets frequently gives us a combination of merit and price that the foreigner cannot equal.

Yet—taking the long look ahead for our export trade—should we not as we approach National Foreign Trade Week, May 21 to 27, frankly face the most stubborn obstacle world trade as a whole has to meet and back efforts designed to remove that obstacle?

Consider, for example, a simple but practical export pricing operation; the disturbances in it, created by political factors and government control, prove

how inimical to long-range planning is this unknown "x" in exporting.

Before 1914 it was fairly simple to estimate cost of production, plus transportation, plus incidental charges, plus customs duty, plus profit, and set a basic selling price for individual foreign markets. Each of these component items today is less certain because of the entrance of governments—our own and others—into the field.

Production costs are more indeterminate because of taxes, subsidies, labor policies; transportation, because of subsidies, possible war demand for shipping, war risks and rates on cargo; customs rates, because of overnight changes and quotas; financing, because 24 out of 70 leading nations have exchange restrictions; and profit, because too few governments recognize the incentive it offers in keeping the world's work forging ahead.

Take alone the item of customs duty. The right to change duties and regulations by executive decree, without advance notice, places a large question mark opposite this item. In his last annual report, the President of the

much greater the griefs of the businessmen trying to conclude even short-term contracts involving the purchase and sale of the commodities in question.

Prices and costs

THE totalitarian governments have not been satisfied with merely controlling imports. They have definitely earmarked export trade as an "instrument of national policy." Export prices have been so divorced from production costs as frequently to shatter normal relationships. Subsidies, whether granted as direct payments to exporters or applied through the means of special currencies or barter, have often transferred the final decision in international competitive trading from the export manager's office to the desk of some government official in charge of "subventions to external trade."

The protagonists of governmentally-waged economic invasion plead necessity. Let me quote a few sentences from a speech by Dr. Schacht in November, 1938, shortly before he was replaced as

President of Germany's Reichsbank. He said:

Schacht's "new plan" is the nightmare which is forever troubling the sleep of those foreign fanatics who cling with might and main to the most-favored-nation clause and who cannot understand that a poor nation should have despite this the courage to live by their own laws instead of suffering under the cure-alls of the more well-to-do. . . .

The new foreign trade system provided for a certain control of exports and imports, but it did not necessarily have to force the entire German trade policy into the extreme system of bilateral trade treaties which is the main factor today not only in German trade policy but—in connection with the German necessity—throughout the rest of Europe and which our rich cousins in America do not like in the least.

This extreme system of bilateral trade treaties was forced upon us by our foreign creditors, for they believed that, by controlling our exports to their countries, they would have a means to pay themselves the debt service which was no longer being completely taken care of by Germany. . . .

As long as our foreign exchange situation does not improve, the foreign trade control must remain.

But to force exports—one arbitrary step—you have to take another arbitrary step and sequester the proceeds from imports. And to regularize all that, you have to take a further arbitrary step and set up "clearing" agencies. And so we find in the recent encyclopaedia of "clearing and payments agreements," published by the International Chamber of Commerce, some 38 countries with substantial sections of their international trade skeined about with some 180 such clearing agreements.

In the Kellogg-Briand "Pact of (Continued on page 68)



Shipments pile up along railroad tracks when wars upset normal trade

International Office for the Publication of Customs Tariffs at Brussels, Belgium, says:

Before the war, new customs regulations were not as a rule enforced until a decision was taken by the Parliaments concerned. Some time elapsed between their presentation to Parliament and their entry into force and the Brussels office was usually informed in advance of probable modifications. . . . Today the publication of new customs regulations is a source of continual surprises, whether it is a question of partial modifications or of alterations involving a large section of the tariffs.

He continues to tell of translations being on the press when modifications completely altered the tariff. All sympathy to the official translator but how



International trade has maintained its volume despite "difficult years"

EWING GALLOWAY

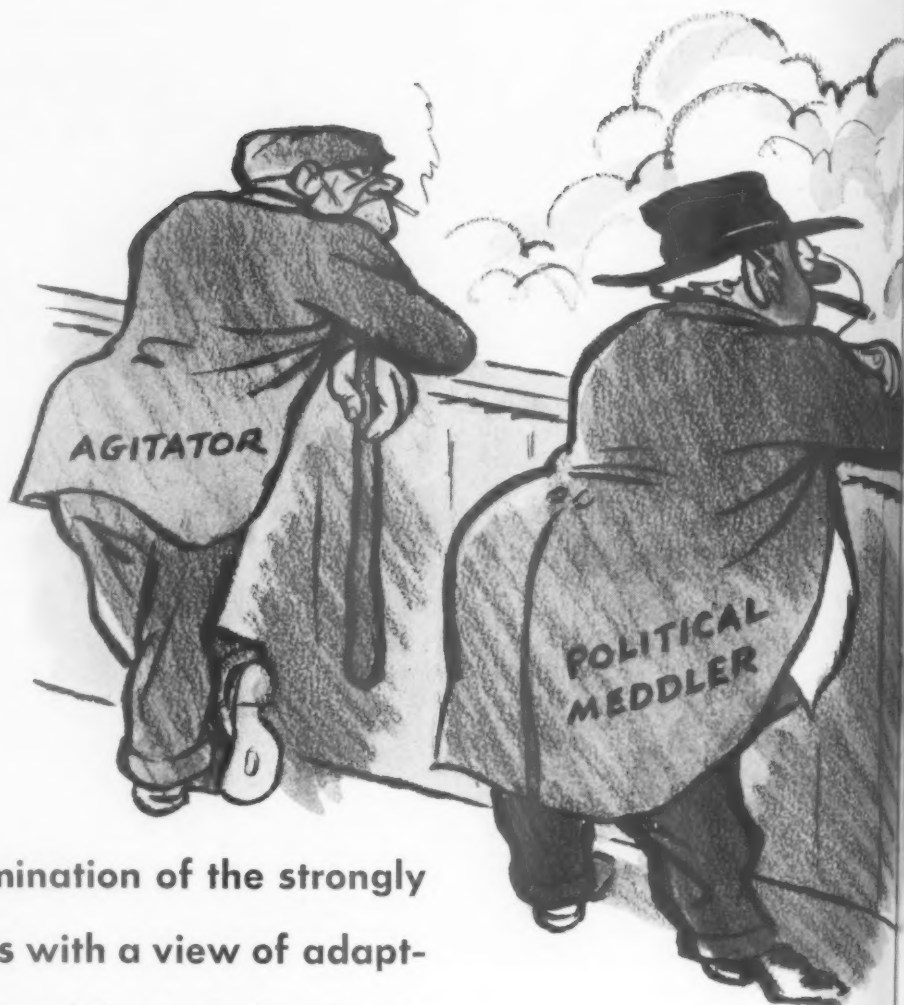
Industrial Peace Overseas

By EDWARD J. MEHREN

FOR SOME years American employers have been continuously facing critical labor problems. Yet surprisingly little effort has been made to learn the experiences of other countries in labor adjustment. Not until the President last June appointed a commission to study the labor experiences of England and Sweden was American interest focussed on foreign methods and results.

The literature available is of relatively little value to the American employer, not because it lacks accuracy or volume but because it is written by economists and sociologists and fails to appreciate business problems and fears. It does not tell the business man how employers abroad get along with their more intense unionization and succeed in operating their industries and businesses at a profit under these labor conditions.

Therefore, I determined to go abroad and get at first hand the experiences of employers—and of labor leaders, too—in countries where union organization is more intense and more mature than here. The route was to New Zealand and Australia to study one extreme, compulsory arbitration; to England, where the other extreme, almost



A PRACTICAL examination of the strongly unionized countries with a view of adapting the lessons gained from their experience to our own conditions

completely voluntary procedure, prevails; finally to Norway, Sweden and Denmark where they have an intermediate system.

The aim in this article will be to set forth the most striking features of labor relationships in those countries and then to see how far the American employers' fears of more complete unionization have there been realized.

Reliable figures of union membership in this country are not available but it was estimated that, in the summer of 1938, about 14 per cent of all American workers were organized. Foreign

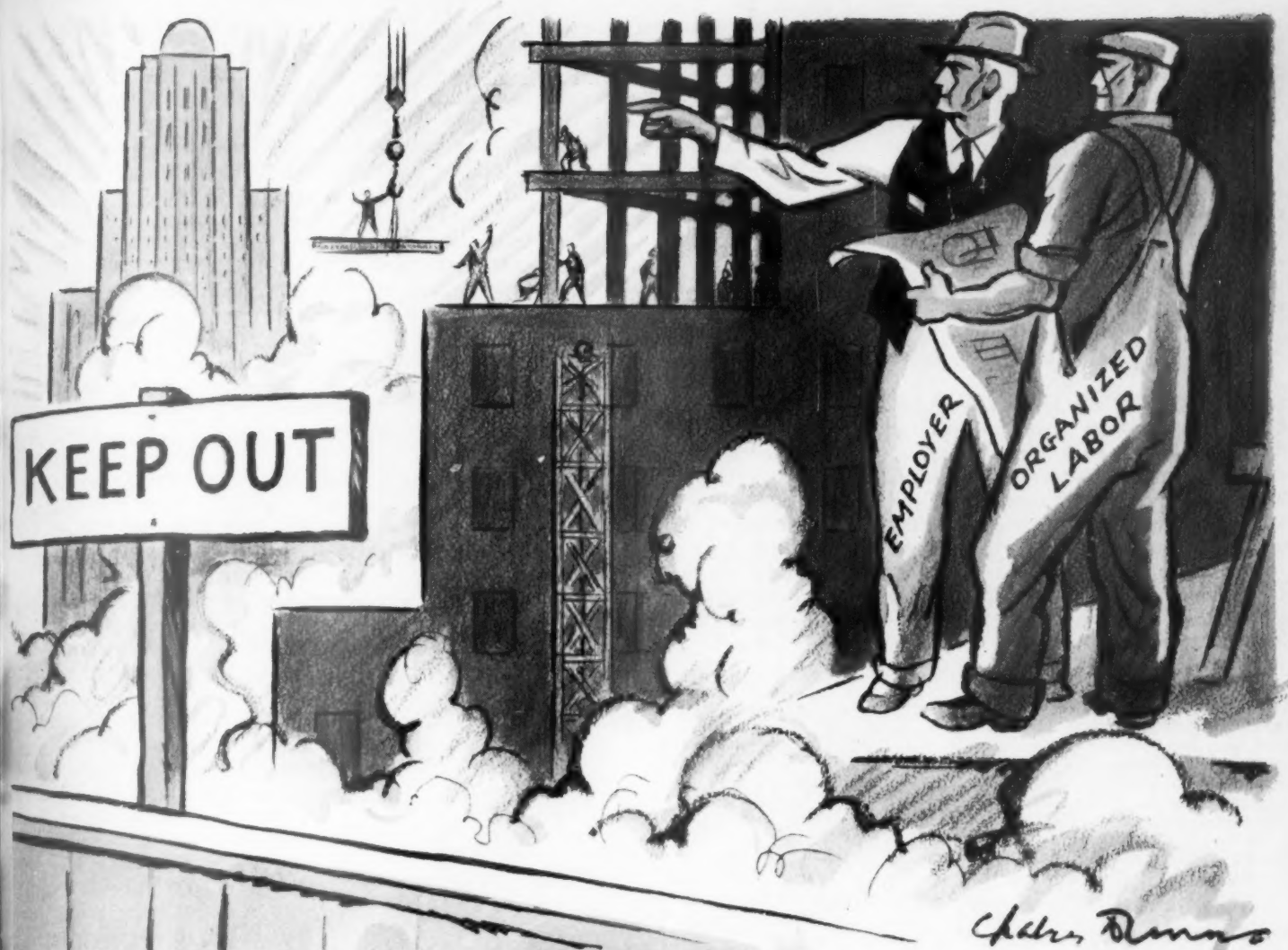
figures are more easily obtained but, except for factory employment, are not always comparable with each other or with the American figure just given. Comparison of factory unionization, however, shows: Great Britain, 28 per cent; Norway, 36; Australia, 63; Sweden, 80; New Zealand, 100. In some callings, notably the railroads, public services and the building trades, practically all wage earners are unionized.

To meet this more intense organization successfully, the employers have been forced to get together as well. They may be said to have their unions.

Each sizable trade or industry has its employers' association and these, in each country, are joined into a great central employers' federation. These associations are not mere conference bodies for exchanging views on labor problems but are empowered to negotiate for their members and bind them by agreements.

Therefore, when a union makes demands, it meets an industry with a solid front and with a permanent negotiating agency staffed by experienced labor negotiators, armed with the history of labor relations and with facts prepared by a qualified and constantly active statistical staff. Strength is met by strength. Each party respects the other and does not lightly provoke conflict.

as



Strong organization of both employers and employees has benefited these groups and also the national economy

As a result, peaceful methods have, by and large, replaced warfare in settling difficulties. There is elaborate machinery of negotiation, conciliation and arbitration for the avoidance and settlement of disputes. It should be added that the employers' associations, as a rule, handle only labor matters. Trade promotion, research, statistics and trade practices are handled by separate bodies.

Since the workers are strongly unionized, no employer dares oppose them alone. For that reason, the employers' associations generally represent all or nearly all the plants in an industry. As a logical result of this, in the smaller countries—which means all except Australia—labor agreements are generally nation-wide, that is, the employers' association and the union in a given negotiation settle at one time the major issues, such as wages, hours, and overtime, for a given trade for the entire country. Such a procedure is not

feasible in a country as large as Australia, nor would it be possible in America, because in a large country conditions in different areas vary too much.

Unions may be an advantage

IT SHOULD be obvious then that employers abroad quite generally recognize the unions as the proper bargaining agencies for the workers. There is little or no opposition to unions, except in some of the smaller trades of Great Britain. But the matter goes beyond that. Many industrial leaders and many industries recognize that the unions are a constructive force. Time and again employers told me that they would rather deal with organized than with unorganized employees, because, said they, "With unions we have leadership, responsibility and observance of agreements."

Of course, such endorsements were counterbalanced by criticisms. Three should have special mention:

In New Zealand there was fear that the victory of the Labor Party was breeding a

spirit of cockiness in the men. Their group, after long waiting, was on top; now they could afford to be independent, to slacken their efforts, to be indifferent to shop discipline.

In Australia it was said that there had been sharp battles in some industries to prevent the unions from imposing their discipline, rather than that of the employers, on the shops, but that the employers had been adamant and had won.

In Norway many employers felt that the unions were hard bargainers and had pressed them beyond the economic limit.

But nowhere was the right of the men to organize and to be represented by specialists of their own choosing questioned. Those points have long since been settled in favor of the men.

"So far, so good," the American employer may say. "But what type of labor leader do they have under more intense unionization? Is industry under the power of racketeers and strong-arm men?"

Having in mind our experiences, past and present, these are natural questions.

The answer is that the pugnacious labor leader whose chief argument was

the strike has generally disappeared from top labor ranks abroad. Among younger leaders there are frequently hot-heads who would like to show their fighting strength, but the real power rests with negotiators who win their victories in conferences rather than by strikes. It was the universal testimony of employers in each country that the labor leaders were not only able but fair. As a rule, they will modify or withdraw a demand if it is shown to be unreasonable.

Union organizers are fighters

OF COURSE, it was not always thus. Unions everywhere had to fight for their lives in the early days of organization. Their leaders had to be fighters, but once the battle for recognition and legal status was won, the negotiator became more important than the fighter.

Looking at the American situation, a number of employers, recalling their own earlier experiences, made this remark:

You in America have ten years of labor hell before you, even if you do come quickly to a general acceptance of unions. It will take that long to breed out the strong-arm type. But as long as you fight the unions they will have to have fighting leaders. Negotiators are developed only by negotiation. Your employers are to blame that you haven't a higher type of labor leadership.

To be sure, they do not make the mistake of thinking that all our leaders are strong-arm men; they know that we do have many able negotiators but they believe that, by and large, their leadership is superior to ours.

What, in general, are the results of these labor relations? The answer is that strikes have been reduced in number and severity, but have not been eliminated entirely; working conditions have been improved; wages have been increased, especially in the lower-paid groups; violence in strikes has almost completely disappeared. And all this without serious reduction in profit, though if increase in the social services, a development found in all countries, is to be charged to labor union strength, this statement would need modification.

It is quite likely that more efficient management, increased mechanization and improved processes would have brought some improvement even without union effort. The absence of violence is due chiefly to the employers' practice of shutting down when a strike occurs and of not trying to run their plants. But even this is a result of more thorough labor organization

and of more mature labor relationships. Strike breakers are not readily available, and both parties normally look to peaceful negotiation for settlement and do not want to embitter these negotiations and future relationships.

These have been the good results. Have there been bad ones? Have the American employers' fears regarding greater unionization been realized, such fears as union interference and so on with plant discipline, opposition to new machinery, restriction of output? One-word answers to such broad questions are not possible. We must consider them in some detail.

Consider first the fear that the unions will "run the plants," that they will prevent the exercise of the reasonable discipline necessary for orderly and efficient production. Probably the world over there was a tendency for the unions to make unreasonable demands of this sort in the days of their early strength and the issue has had to be fought out. But, in all the countries visited, the employers have suc-



Since the workers are strongly organized, the employer dares not oppose them alone

cessfully maintained that there can be only one manager and that must be the employer. The contest at times was severe, and while there still are, and always will be, demands that infringe the principle of employer control, the principle itself is not challenged.

Is output restricted? Yes, it appears that in these countries there is restriction but not in a single one did employers consider it serious. It was said to be no worse than it was before unionism,

that men work slower when jobs are plentiful and harder when they are scarce.

Opposition to the introduction of new machinery, labor saving methods and devices, another of our fears of wide-spread unionization, has pretty well disappeared, though everywhere men are aware of the labor-displacing character of machinery and fear its effects. But the leaders, through their studies and probably through their education around the conference table, have become practical economists and realize that increase in the standard of living is possible only by increase in production and decrease in unit costs. Open opposition, therefore, has disappeared, but the men and their leaders do demand that the devices shall be introduced so as to cause as little distress as possible and shall not lower the working conditions of those who continue in employment.

Inflexibility in wages, another of our fears of greater unionization, has not been experienced. During trade recessions and depressions, wages have gone down and thus have played their part in helping the manufacturer put his price within range of the reduced purchasing power. The leaders do have regard for money wages but are more concerned that real wages shall be sustained. While they do not yield easily they, nevertheless, accept reductions in money wages when it is shown that the cost of living has decreased. For the maintenance of the real wage, however, they are prepared to do real battle. In Australia and New Zealand, under their minimum wage systems, the wage is tied to the cost of living, rising and falling as the cost-of-living index varies. The same plan is used in some other countries by agreement.

Union demands

ANOTHER of our fears is an intensification of the harassment to which employers are subjected by the never-ending procession of union demands. We commonly hear expressions like this:

Union leaders must constantly try to get concessions for their men; otherwise they will lose their jobs.

We fear that, under more complete unionization, the frequency of demands will become intolerable. Has that been experienced abroad? Yes, to some extent, but it is not so serious as to cause unsolicited complaint.

The employers look at it realistically. They know that the leaders are in a

(Continued on page 66)

Defeating The Check-Artist

by
Ex-Pennman

Are you one of the hundreds of American businessmen forced to turn away un-counted dollars annually because of a fear of cashing checks?

The merchant or business-man who cashes a check for the saunter-spoken stranger might as well toss his money into the gutter. He is just giving away his hard-earned profits, nine of ten times.

So much of the business in the United States is conducted through the medium of paper-written checks - the custom cannot be suspended for obvious reasons. The psychology of profitable business demands every evidence to please the customer - and the gentry who make a practice of passing out fraudulent paper know this. Shall the merchant who is tendered a check by a shopper refuse it and chance offense, or shall he cash the check and risk its being a good one?

Identification is an important phase in the business of check-cashing. But credentials have been and are forged or built-up so perfectly as to fool the wariest business-man.

If you run a hotel and a guest tenders a check in payment of his bill, you must do one of two things about it: you cash the check or you don't. In either case you have already furnished the guest services, and if the check is bad, you lose.

There are various methods employed by the check-artist to circumvent the common barriers confronting him when he wants to hand you some "bum paper", in payment for merchandise or service.

To begin with, the bad-check passer has to have some knowledge of human nature. He is, invariably, something of a psychologist, if a professional, with the kind of knowledge needed to defraud an unsuspecting victim at his finger-tips.

If you are a merchant and I, a bad-check

artist, want a suit of clothes, your store is my scene of operation and you are my subject. I approach you as I would the unknown - that is, *prepared for the unexpected*. All my answers are ready and my dramatic instinct is well-rehearsed. Your aim is to make a sale, to treat me as a customer willing to buy what you have to sell.

I am two laps ahead of you all the time because I know I am out to beat you and you haven't that knowledge. You are not (necessarily) looking for fraud, but to please. The value of the situation is mine from the start.

So we do business and I "spring" my check. On many occasions you turn me down flat. You point to the sign which announces you don't cash checks - and *regretfully watch me depart*.

When this has happened twenty or maybe fifty times, perhaps you wonder how many hundreds of legitimate dollars you may be turning away by following your policy "no checks cashed here". It totals up, of course, and remains a figure to Kantilize your business brain.

Questions assail you. "Suppose half these checks are good ---- Suppose all the persons I've been turning away are legitimate or reputable persons and not intending any fraud? Look at the business I'm losing!"

So go your thoughts, and so grows your desire for some inexpensive, infallible way to detect the intentions of "check-shoppers".

The answer to your worries is simple. There is a way, and by it you and all business-men dealing in sales or service can be assured beyond doubt and the check-artist defeated.

Official statistics on crime show that nine of every

Ten persons who live by passing "bum paper" have a recorded criminal history somewhere. At sometime or other the professional bad-check passer has slipped up and his finger-prints are on record. In any case, he is acquainted with the police, and with police efficiency to "dig him up" from official files.

To anticipate and defeat the shopper or quest who would defraud you, and you, and you, with a bad-check - you do NOT take his (or her) finger-print. Rather, you simply put in practice a bit of psychology yourself.

Let us further examine the criminal mind of the professional check-artist, and the way it works when he enters your place of business to "sting" you.

Police and police data about him are on the operating check-artist's conscience from the minute he leaves his room and moseys along Main Street looking for establishments likely to accept his "bum paper". Altho he be miles from the city or place of any first brush with the law, he never forgets the arm of that law is long and his pedigree easily traced if he falls afoul any alert victim, or proposed victim. He can't, in the words of underworld parlance, "stand a pinch." And in that frame of mind, he is constantly alert for, and highly susceptible to, any evidence even remotely suggestive of the power of the law. He is wary, though outwardly calm, confident, yet not madly so. He'll gamble his wits against yours, within the common limits.


When he has entered your place of business, he looks around for evidence of your policy on check-cashing. If there is a placard showing "No Checks Cashed", its being does not necessarily act to deter the check-artist. He may proceed to hand you a story so perfectly well-done you are persuaded. The professional check-artist operates according to the strength of the build-up behind him. If he figures his phoney credentials will stand an average test, he tries you, sign and all.

When there is no announcement in sight, and no person obviously police in your store, the check-artist always goes into his act.

NOTE: The author of this article should be an authority on this subject. He is now serving a prison sentence after being convicted of passing worthless checks. His idea seemed sound to us and his

Now, let's alter the common scene a little. Let us assume a check-artist saunters into your business establishment, well prepared to hand you a fraudulent check.

He glances to right, then left, in search of that announcement of your policy. He spies it - a neat little sign, thus:

For Our Protection
Would U  The Check
You Are Presenting?

Notice that you do not employ the word "finger-print" on your sign. You show merely a facsimile - recognizable instantly by the crook, but suggesting only something vague to the legitimate check-presenter.

Mr. Check-Artist takes one look, turns, and to divert suspicion, he makes some small cash purchase to account to you for his being in your store, then he departs poste-haste.

Without having said a word likely to offend or embarrass the customer, you have rid yourself of the swindler - for only the legitimate person will inquire further. And any person who does inquire, is not a bad-check artist, you may be very sure.

To such person you explain your "bit of psychology", and human nature is such, that your cleverness will be admired.

The bad-check "pusher" is always a stranger to you, and more than likely a total stranger in town. He doesn't know the customs of the resident merchants. He is not going to pause to inquire if you actually do require his finger-print to a check. The facsimile on your sign suggests to him that you really do. As a crook, he can't see himself submitting to placing his 'print on incontestable evidence which would land him behind prison bars.

The minds of these professional crooks are all cast from the same mould: they all re-act precisely alike to evidence suggesting the power of the law. No person who dabbles in forgery or "bum paper" will tarry in an establishment where it appears undue complications attend the cashing of a worthless check.

Take it from one who knows!

penmanship so intrigued the editorial staff that we decided to reproduce it and pass the article on to our readers in the same form in which he sent it to us.

Farm Tenantry Can Be Profitable

By J. GILBERT HILL

SOUTHERN business men give a practical demonstration of how both landlord and renter can succeed without subsidies if they are willing to employ the tools at hand



A year ago the Whites were broke. In 1938 they cleared \$723.90

NET INCREASE in assets—\$723.90. That is the auditor's report on the business of Mr. and Mrs. Ralph White, Harrah, Okla., farm tenants.

But even more important, the report is a dramatic story in dollars and cents of a hard-headed, practical attack on problems of southern farm tenantry by ordinary business men operating for the simple motive of profit.

The \$723.90 represents profit, plus a living, which a young American family earned on an 80-acre, upland farm in just 11 months—thereby becoming far more independent than many who consider themselves more fortunate because they live in cities and spend big salaries.

It is the success story of a young man



Home-grown corn fattens the pig that will reduce the winter meat bill



Varied crops will help restore the land ruined by one crop farming

and his wife, 25 and 21 years old, parents of a young child—whipped a few months before by drouth, low farm prices, and underfinancing—and a group of business men with an idea that the best way to create business is to make it possible for folks to produce profitably.

The accomplishment can be duplicated anywhere. There are no tricks.

The Whites are ordinary farm folks, with the same kind of educations, ambitions, initiative, motives, and faults of thousands of young married couples trying to win a start in life.

It costs no additional taxes for subsidies.

It uses agencies already created.

It is about twice as profitable, eventually, for the landlord.

And, it may be the answer to the farm tenant problem which has haunted so many southern states for generations.

But that's getting ahead of the story of a rural electrification development man for a utility company who ran head-on into tenant problem facts. All government statements to the contrary, Roy Hayman found that unprosperous farmers could not buy, or use, electric power no matter how cheap. But Hayman's serious study of the tenant problem revealed nothing new.

Trouble with tenant farmers

LANDLORDS had been cussing tenants for years because they were "no account"; wouldn't work; let the soil wash away; allowed fences to fall and used the posts for firewood; even tore down the buildings for the same purpose, and "stole" more than their share of the crops.

Tenants had been cussing landlords because they refused to repair buildings; insisted upon impossible production of cash crops from run-down farms; always accused the tenants of stealing more than their share; and demanded that the tenants move at the end of the year because they didn't

Poor villages mean less business for the cities. Less business in the cities means unemployment—and to a utility man—not only no electricity sold in the country, but less power to villages and cities.

Yet, tenantry isn't an unmitigated evil. Some tenants make money for themselves and landlords on good land. The experts know, too, there always should be a few farms for rent so young couples can use land for a time and save enough for a down payment on a farm of their own.

Members of the Natural Resources Committee of the Oklahoma City Chamber of Commerce agreed with Hayman that tenants could not be blamed for taking no interest in land if they were to move next year. Yet, landlords couldn't be blamed either for trying to worm enough out of investments, if possible, to pay taxes.

But, they also agreed, there ought to be a common sense way out. Long and serious study developed the idea that a landlord should be willing to forego his cash rent for a time and take his profit in increased soil fertility and improvements, in order to encourage a tenant to improve a property. But no one wanted to take the first risk.

It was then that Hayman produced

were down. Fields were eroded. The farm includes both deep sand and clay soil. In one case a five-foot fence was covered with drifting sand. In another field the stiff red clay subsoil, bare of vegetation, was all that remained after the topsoil had eroded away.

The utility company, headed by J. F. Owens, a United States Chamber director, agreed to lease the land to the Oklahoma City Chamber, rent free, as a farm tenant demonstration project.

A committee headed by George Glossop, life insurance company land man, spent weeks seeking the right tenant, one who would be average for the community, but who would do some unusual clerical work.

The Whites had gone broke in the previous year's drouth. Both were high school graduates and both had had some 4-H Club work. They were reared in the neighborhood. They had a baby. They were honest. The Farm Security Administration would finance them. Both had reputations for industry.

An experimental lease

ON Feb. 2, 1938, Mr. and Mrs. White finally signed a strange lease on the farm. It gave them a five-year contract, rent free, provided they made certain definite improvements. But it also provided they should keep farm records like no one else ever kept before. Purposes of the Glossop committee were:

1. To demonstrate possibility for an average tenant farmer to support himself and his family on an average upland farm in keeping with desirable standards of living.
2. To determine the possibility of profitable operation for the land owner.
3. To determine to what degree soil and physical properties of an average run-down farm may be improved to the mutual benefit of landlord and tenant through an equitable landowner-tenant contract.
4. To demonstrate benefits of long-term contracts between landowner and tenant.

While the lease was for five years it could be broken within 90 days upon payment for growing crops if the utility firm needed the land. This special clause was required to protect the firm if the land was needed for expansion—a clause not required for the ordinary lease.

The lease required that the landlord should be compensated for wilful damages to his property.

It provided that the tenant should provide all necessary livestock and equipment.

It set up a regular crop rent share of production for the landlord, including a fifth of gross income from truck crops; a fourth of the cotton, and a third of all other crops. The tenant was to sell the landlord's share and deposit the money in escrow in the bank. But the money was to be returned to the Whites at the end of the year for defi-

(Continued on page 86)



The White home. Inside are a pressure cooker, laundry equipment, new furniture

operate the farm so that it produced six per cent and taxes.

Hayman, like many another observer, could see that both were right in far too many instances!

But it is an impossible situation. As the countryside deteriorates, purchasing power of both landlords and tenants declines. Weakened purchasing power means that local merchants have less business. As rural buildings fall to ruin more village homes go unpainted.

the 80-acre tract now occupied by the Whites. It is owned by the Oklahoma Gas and Electric Co., his employer, and is an unused part of the site of a generating plant. It is typical "corporation farm land" rented to a succession of tenants with no one taking any personal interest.

The house was painted but run down. The yard was overgrown with weeds. Debris littered the barn lots. The well was in bad condition. Fences

No Business Can Escape Change

Spring is pleasantly known for its fever but it also acts as a spur to business

1 • A NEW portable grease gun which fits standard fittings may be rolled about at will without cords or hose attachments. The grease is pumped electrically by a motor and storage battery mounted alongside the grease tank on a coaster. Available pressure is adjustable up to 12,000 pounds.

2 • FOR PIPE cutting and threading there is now a compact power unit which utilizes hand tools, economically. Fitted for either bench or stand use, it is operated by an electric motor and quickly threads pipe from one-eighth inch to two inches.

3 • A NEW line of strip heaters has been developed for operation at sheath temperatures as high as 1200 degrees F. They are enclosed in porcelain-enamel steel casings to give greater resistance to rust and corrosion.

4 • A BLOTTER for advertising uses has a covering on the absorbent side which may be addressed and stamped and mailed as a card. The recipient peels off the cover which leaves no indication of adhesive and keeps the blotter.

5 • A NEW sealing compound which does not stick to hands or tools is useful either for glazing or as a caulking compound. It is watertight, fume-proof, and acid-resistant, retains its plasticity and bonds firmly to practically any material.

6 • A ROTARY windshield cleaner is now available for marine, train, airplane, bus or truck use. It is operated by an electric motor driven through a flexible shaft, at an adjustable rate. Anti-icing fluid or water may be pumped out and distributed to keep the glass clear.

7 • A SPARK plug of new design is said to give a wider, more effective spark and at the same time to have a longer life. The center electrode is so bent that the arc is from the side rather than from the tip.

8 • FOR EXTERMINATING roaches there is a new poisoned compound that does not need to be scattered—it's left in the can with the end punched in so the pests may eat. It's a slow acting poison, leaves no odor.

9 • A LOW-COST electric water heater, easily moved and installed, is intended to provide an automatic hot water supply for summer camps, trailers, service stations and the like. Its capacity is two gallons but additional water is quickly heated. The piping is the "push through" non pressure type.

10 • AN AUTOMATIC unit heater for homes or other buildings without central heating plants has a coal burning room furnace, a forced circulator, and a humidifier. Automatic temperature regulation including day and night control is possible without the expense of a central heating plant.

11 • A NEW pump for small drill deep wells operates in bores as small as three inches, heads up to 1000 feet, and capacities as low as five gallons a minute. The pumping unit is a helical rotor in a rubber fitting. It delivers a smooth flow at relatively low speeds, requires no priming.

12 • A PORTABLE floodlight useful in many types of work and play has a small 26 A.H. storage battery sealed in a case to prevent fumes. It can be recharged by automobile or otherwise without removing from its case; gives maximum light for six hours, or with smaller bulbs burns up to 50 hours.

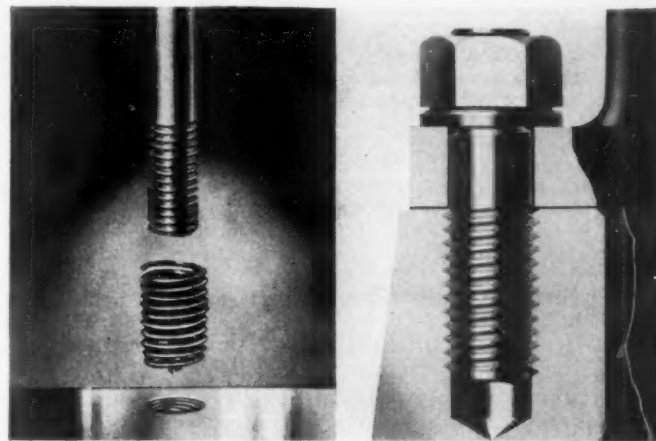
13 • A COMBINATION comb and nail file has the file partially embedded in the back of the comb. The file point is recessed for protection yet is sufficiently open for nail cleaning.

14 • FOR PAINT preparation there is a new non-abrasive liquid which when wiped onto old glossy, enamelled, or varnished surfaces avoids the necessity of sanding. It creates a slight tack to which the new paint can readily adhere. It also removes wax, grease, and polish without any residue.

15 • FARMERS may make hay while it rains by using silos and a new low-cost preservative which adds a helpful item to the cattle's diet. The silos save space and fire hazard.

16 • A NOVELTY in fish bait looks like a fish swallowing a smaller fish—with plenty of hooks for the larger one to come.

17 • FOR PREPARING rusted ferrous surfaces for painting, there is now a chemical solution which may be applied by sponge or a wad of steel wool. It converts the rust into an iron salt which makes a good base for paint. The treatment is no protective coating but gives a fine bond for paint coatings.



23 • A NEW system for fastening high-strength cap screws and studs into light alloys utilizes a bronze spring wire insert for threads. It is said to add greatly to strength and shock resistance and, by easy replacement of the insert, eliminates retapping.

18 • ROLLER bearings are now made with an outside diameter no larger than the barrel of an ordinary fountain pen. Their construction allows them to carry exceptionally heavy radial loads for their size.

19 • FOR PROTECTING the edges of tracing, sketching and other paper there is a new edger that clamps on a table and quickly mounts a narrow opaque white tape. The tape is folded, adheres to both sides of the paper. Heat from blue-printing machines will not affect the adhesive.

20 • AN ATTIC fan for ventilating and cooling houses is now equipped with an automatic shutter. It opens when the fan is turned on, provides louvers to direct the flow of air, and shuts noiselessly when the fan is turned off.

21 • A NOVEL pocket device for indicating the presence of high voltage does not have to touch the conductor. When held in the changing static field, a glow tube lights. It is useful for detecting presence of static from belting, X-ray equipment, A.C. circuits, automobile ignition, and the like.

22 • FOR DISPENSING granulated soap conveniently a new dispenser is operated with one hand. It's water-, steam-, and theft-proof. It has an adjustable feed, a special cut-off, is made of molded plastics.

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

LUBBOCK THE CLEANEST CITY IN TEXAS for the PAST 8 YEARS

TROPHIES AWARDED ANNUALLY BY THE NATIONAL
CLEAN-UP and PAINT-UP BUREAU of WASHINGTON, D.C.
to THE CLEANEST CITY IN EACH STATE.

LUBBOCK WON IN 1930, '31, '32, '33, '34, '35, '36, and '37

LUBBOCK ALSO WON HONORABLE MENTION IN THE
NATIONAL INTERCHAMBER FIRE WASTE CONTEST IN 1935, '36, '37

Resulting in Savings

TO CITIZENS OF LUBBOCK IN FIRE INSURANCE RATES:

1935 - 15% REDUCTION SAVED \$21,797.25

1936 - 10% " " 34,123.00

1937 - 10% " " 38,823.25

1938 - 10% ESTIMATED SAVINGS 44,000.00

A 25% Reduction

IS ALLOWED IF TOTAL LOSSES
OVER 5 YEAR PERIOD FALL UNDER
24% OF PREMIUMS PAID

Our Goal for 1939

Community interest in cleanliness
pays citizens real dividends

BACK in 1912, the late Allan W. Clark, founder of the *American Paint Journal Co.*, St. Louis, thought that only a small percentage of the vast number of cities in the United States could be accurately described as clean, bright, and healthful.

He was one of many citizens deeply distressed with the unkempt condition of the average American community and the casual attitude of the public toward individual participation in good community housekeeping.

"Something must be done," spouted politicians.

Said Clark, "Something will be done," and he did it.

He personally financed a publicity drive to make the public clean-up conscious. At the suggestion of Harold S. Buttenheim,

The Venus de Milo



Free movie shows stimulate interest of the younger generation. This theater aided the campaign by accepting tin cans as the admission fee



The same vacant lot before and after the Clean-up and Plant-up campaign



then editor of the *American City Magazine*, he called it the National Clean-Up & Paint-Up Campaign—cleaning up would achieve respectability, paint would make for greater beauty. Concentrating at first on a fairly small area, he gradually widened the scope of the campaign until he had covered the entire country. Demands for plans and suggestions poured

Milo Helps Clean up 7,000 Towns

By EDMUND STONE



"Obtain the full support of your citizens" is one of the first rules for contestants. Here is one method of arousing enthusiasm



Even the cleanest city has a few spots like this. The campaign wipes them out



worker entered a dingy tenement and discovered a woman living in almost indescribable squalor in a single room. She was unimpressed by the pleas of the settlement worker that she clean the room. Leaving in disgust, the settlement worker noticed a street hawker selling plaster of Paris statuettes of Venus de Milo. Impulsively she bought one, rushed back to the woman's room and deposited it in the midst of the rubbish.

Cleaning up by example

UPON her return a few days later, she was astonished to find the room clean and orderly. She asked the woman what had influenced her to clean the room and was told:

That little statue you left with me looked so clean and white that I just had to clean up for it.

With the woman's answer in mind, Mr. Clark conceived the idea that if a single property in a dingy environment were reconditioned and beautified it would stand out in such sharp contrast with its neighbors that they would follow suit and soon the entire community would be improved.

This point was stressed in his campaign and it brought results. About a year later many Clean-Up & Paint-Up Campaigns were in progress and a good many more were being planned in all parts of the country.

It was real progress and due mainly to one reason—the American's pride in his

in from every state and soon became so heavy that he accepted the proffered financial support of many friends and sympathizers. This enabled him to continue the campaign.

It is said that the story of a settlement worker and a statuette of Venus de Milo initially inspired Mr. Clark to start the campaign. It seems that the settlement

town. When John Smith saw that the campaign offered the opportunity to prove that his was the cleanest town in the state, he was eager to help. So, today, more than 7,000,000 Americans in some 7,000 communities engage in Clean-Up & Paint-Up Campaigns.

Annually, the National Clean-Up & Paint-Up Campaign Bureau, Washington, D. C., offers a trophy cup to the community in each state, which has shown the greatest progress in cleanliness and beautification. To be eligible for the award, a community must submit to campaign headquarters a detailed record of its campaign and a series of fact-proving photographs. Campaigns usually last from two weeks to a month and are generally held in the spring. Because of failure to adhere to the rules, some contestants kill their chance to win the award, but none fails because of lack of enthusiasm.

To all contestants, the Campaign Bureau gives this advice:

1. Obtain full support from your citizens, school children, civic and religious organizations and newspapers.
2. Plan your campaign some months in

campaigns have enabled Lubbock to submit improved reports each year.

Rewards in a clean community

THE 1938 report, for example, showed specific improvements over previous campaigns and a 41.9 per cent gain over the excellent 1937 report. This was partly due to the greater number of citizens participating in 1938.

Many communities, failing to win the state award, succeed in capturing local prizes. Naturally all competing communities cannot win, but they all have their reward—a cleaner, more beautiful community, and substantial savings in fire insurance rates.

Evidence enough that those results justify the effort and expense involved in a Clean-Up & Paint-Up Campaign are the following facts:

1. The number of contestants increases each year.
2. Many communities have enjoyed such success that they conduct year-round campaigns.
3. The campaign has spread to Canada, Europe and even to such distant lands as Australia, South Africa and Japan.



A lot of punctures that autos will be spared. These boys won the prize offered for the most pounds of rusty nails collected in the drive

advance so that you may follow a definite program swiftly and efficiently.

Many communities have found this advice to be invaluable. One such community is Lubbock, Texas, which for the past nine years has won the award offered to that state.

Proud of their cotton crops, three national banks, hundreds of new homes and their college, Texas Tech., Lubbock citizens are still prouder of their title, "The Cleanest Town in Texas." Consistent enthusiasm plus careful preparation and perfect execution of its

In many countries youth organizations are being trained for war. In the United States, millions of boys and girls are actually engaged in war—the war against dirt and disease.

How do they aid the campaigns? They visit thousands of homes each year, announcing the start of local campaigns, and distribute checkup sheets on which housewives list the improvements made in and outside their homes. These checkup sheets are used when the final report is made by the community. They also march in

campaign parades and render valuable assistance in cleaning their homes, vacant lots, alleys, etc. The added incentive of free tickets to theaters and baseball games has produced many young clean-up champions.

The headquarters of the National Clean-Up & Paint-Up Campaign Bureau, first located in St. Louis, were moved to New York City in 1926 and to Washington in 1931. They are now significantly located a short distance from the Capitol. Never requiring more than \$70,000 to promote the movement, since principal financing of campaigns is done locally, the bureau is a non-profit organization.

For the past 16 years, the bureau has been headed by dignified, alert Ralph W. Emerson. His record in the World War as Chief of the Division of Publications of the National War Loan Organization, earned him his present post in 1923. National Campaign Chairman is Dr. Roy A. Plumb, president of the Truscon Laboratories, Detroit.

Since 1925 the campaign has been under the direction of the organized paint industry to whom Mr. Clark turned it over when it had grown too large for him to handle alone. The paint industry accepted its direction with a formal stipulation that the work would be continued and conducted "on the same good principles and maintaining the bureau's scope and functions and its complete independence from any other trade promotion activity."

How well this compact has been kept was evidenced in 1937 when the Jury of Award of the American Trade Association Executives awarded to the National Paint, Varnish & Lacquer Association a Certificate of Honor

for making its Clean-Up & Paint-Up Campaign in thousands of localities so all-appealing as to enlist the cooperation of business generally in creating a demand for paint, and all other facilities needed to make homes and surroundings more attractive.

It is now more than a quarter of a century since the first Clean-Up Paint-Up Campaign. Looking back, the movement can well be proud of its record. Its true concept is reflected in this part of President Roosevelt's message to campaign headquarters:

It is truly in the public service when civic-minded men and women in all parts of the country, in cooperation with interested national business groups, unite for the accomplishment of greater health and beauty in our homes and communities. It is a further expression of what we in America can do through united effort to improve living conditions and solidify our fundamental institutions.

Henry Ford said recently:

If people, just ordinary people, all would get started painting barns in need of paint, that alone would be enough to bring us out of this "depression" or "recession" or whatever you call it.

That is a call to arms!

1, 1939
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"WE MET THE HOURS PROBLEM in this office BY ELIMINATING NEEDLESS OPERATIONS"

Many business men find that the most effective way to meet the Hours Problem is to determine which employees are handicapped by operations that can be shortened or eliminated. Here are a few typical examples with which to start a desk-to-desk study in your office.

Are Your Typists Obligated to Do Several Jobs Separately that Might Be Combined?

Continuous multiple-copy forms used with improved equipment save needless copying, carbon handling and joggling of forms.

Do You Lose Time in Obtaining Statistics as a Separate Operation?

Statistical information may often be obtained as a by-product of some other necessary operation. For example, obtaining analysis of past-due balances at time of posting Accounts Receivable.

Are You Losing Time and Accuracy by Needlessly Relisting Figures?

Time can be saved and errors eliminated on many jobs by the use of two-total adding or calculating machines that complete the work in one run through the media, ledgers, cash books, journals, etc.



Does Your Present Procedure Give Results Desired Without Wasteful Operations?

If unproductive intermediate steps are required to fit the work to your present machines or system, it will pay you to investigate "direct-to-final-results" methods.

Does Your Invoicing Method Require Separate Jobs of Computing and Typing?

By direct multiplication the bill can be extended, discounted and totaled at the time it is being typed. Bills produced by this faster, simpler method can be mailed earlier, without the usual peak.

Your local Burroughs representative will gladly assist you in making a desk-to-desk survey, and suggest practical short-cuts that save time and money.

BURROUGHS ADDING MACHINE COMPANY
6004 SECOND BLVD., DETROIT, MICH.



**SEND FOR
THIS
BOOKLET!**

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for readjusting office routine. Send for your free copy today.

Burroughs



Hidden under the rugs was \$4,000. A strongbox held \$30,000 more

IRIS BEATTY JOHNSON

There's More to Moving than Motion

By MARGERY RAE

IT'S A moving tale—this one that more than 2,000,000 American families experience each year.

Sometimes it's because of the wallpaper, or the noisy street outside. It may be merely the lack of a shower in the bathroom; or perhaps it's the urge for a brighter kitchen and smarter neighbors. Whatever the reason, there is a shuffling and re-dealing of homes among 42 per cent of the population in Chicago each year. In Minneapolis (population 500,000) about 50,000 families move annually—at an average cost of \$25.

But there is more to moving than motion, and nobody gets so intimate a glimpse behind the scenes in our American homes as the moving man. He sees the dust and dirt back of our pianos, hears the rattling family skeletons, caters to our amazing requests.

One idea held by many women is that they can fool busybody neighbors as to where they're going if the moving-man will just drive off in the wrong direction. One woman actually drew a map of the route the driver was to take to her new home: several blocks in the opposite direction, then zigzag, across town by back streets. But this wasn't for the benefit of neighbors. It was, she explained, to

IF YOU think your customers have queer ideas you may get some comfort from this study of the idiosyncrasies of the 2,000,000 families the van operators move each year

fool the dog so that he wouldn't be able to find his way back to the old neighborhood.

"We're moving," explained one man, "because my wife doesn't like the color of the curtains in the house across the street."

Kin to the string-savers

EVIDENTLY she has other whims, too, according to the movers. She treasures packages of old keys, bent nails, sawed-off legs of high chairs, old files of newspapers, discarded castors, broken cups, and wornout umbrellas, as well as other kinds of plain and fancy trash.

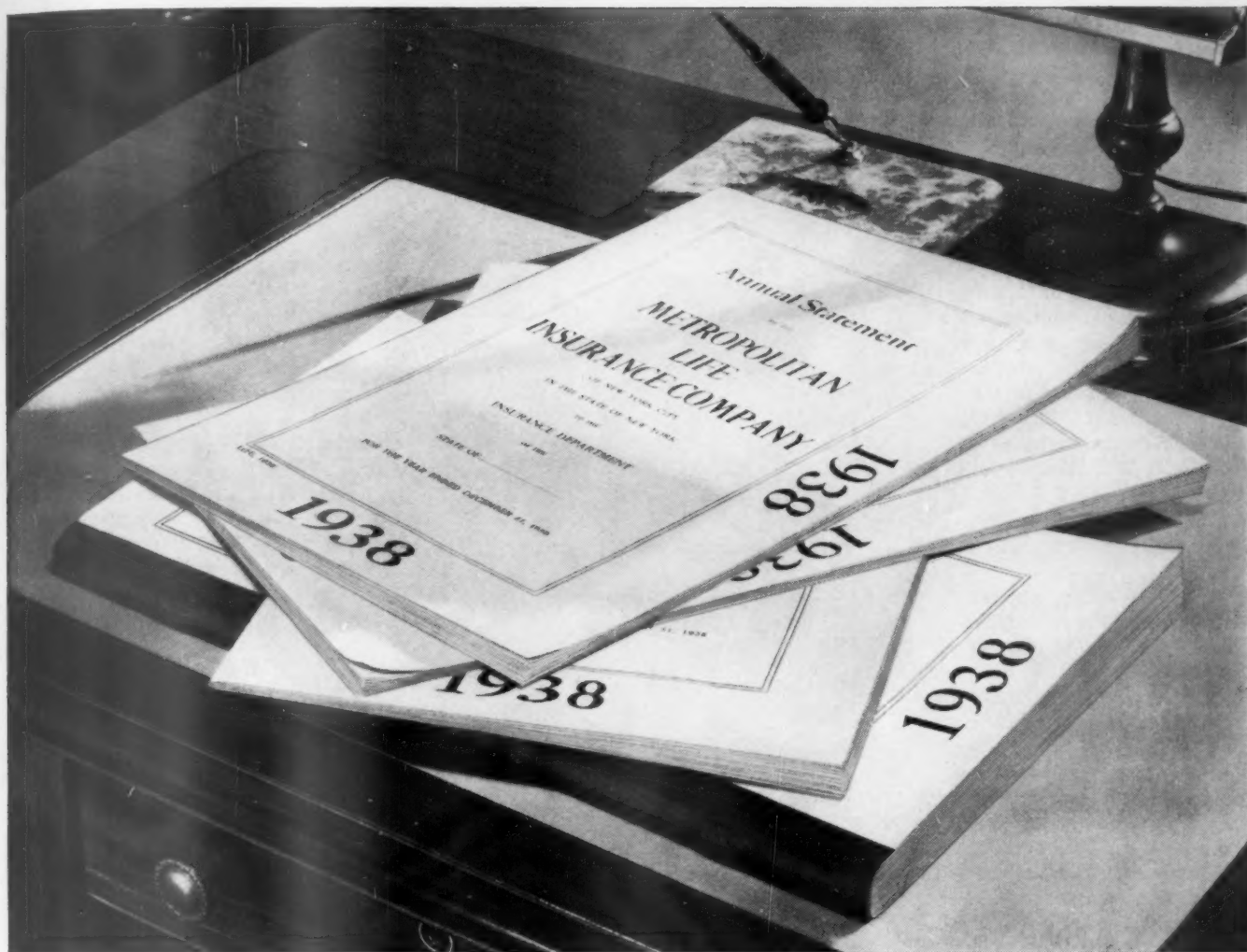
"At one home," reported one workman, "we found hundreds of labelled packages. Carpet tacks from Aunt Susan's green carpet; from Aunt Hanna's red ingrain. They were bent and useless, but we had to pack them. Old wax seals from letters were arranged chronologically in an old chest.

Even hair combings from the women of the family of three generations were labelled and dated."

When an eastern warehouse company removed the furniture from a home more than a century old it found, hidden beneath carpets and in furniture, \$4,000 in cash. A strongbox held \$30,000 more. As each member of the family died, his purse or wallet, properly marked, had been put away.

Moreover, they saved teeth as well as coins. Each tooth, from baby ones to wisdoms, was neatly wrapped and marked with the owner's name and the date of its departure. Seventy-six broken water pitchers were found in the attic and, hanging in a closet, was an old silk dress bearing the inscription, "Hung here by little Elsie the night before she died, April 17, 1846."

"Women are our real problems," said an oldtimer in the moving business. "Besides hating to discard anything, they are sometimes downright



Four books of answers to questions about Metropolitan

WE OFTEN RECEIVE letters from our policyholders, asking questions about Metropolitan.

One such letter, for example, went as follows: "Dear Sirs... I am afraid this brings to mind an 'unmentionable'..." The writer then asked a number of questions... intimate questions about the operation of the company he had entrusted with his life insurance.

The information he requested touched upon facts that many businesses in America would regard as confidential... facts they would not ordinarily make available.

Since Metropolitan welcomes such inquiries, we were glad to answer fully each of this policyholder's questions.

And in our letter we could have also pointed out that everything he wanted to know—as well as the answers to many questions he hadn't thought to ask—had already been published... in four books

totalling 302 pages, each about three-quarters the size of a large newspaper page. These books comprise the company's annual statement...

Each year, you see, Metropolitan files such a statement, which tells of the company's mortality, expenses, investments, property owned, and salaries in excess of \$5,000.

This statement tells the amount of insurance in force. It tells about the reserves, represented by sound assets, and about the contingency fund—two things which assure the payment of policies when due. It also gives a detailed description of the investments of the company—such as the securities bought during the year, those sold, and all those held at the end of the year.

This statement, when filed, automatically becomes a public document. It is kept on file by state and provincial insurance departments in the United States

and Canada... where it is open to anyone who cares to see it.

And this is as it should be. For it is only right that the faith so many millions of people have in life insurance should be safeguarded in every practical way.

COPYRIGHT 1939—METROPOLITAN LIFE INSURANCE CO.

This is Number 12 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

*Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT*

1 MADISON AVENUE, NEW YORK, N. Y.

*Plan to visit the Metropolitan's exhibits at the
Golden Gate International Exposition
in San Francisco and at the
New York World's Fair.*



dishonest. For instance, if I go into a home and the woman points to a well wrapped chair and says, 'That belonged to my great Aunt Elvira, and is precious to me, so handle it with extreme care,' ten to one it's broken! She is anticipating a claim against my company for breaking it.

"Obviously we can't take any chances, and everything must be unwrapped and rewrapped. So, while we're looking at another part of the house, my assistant takes a look at Aunt Elvira's chair. Sure enough, it is broken—and its owner may not relish seeing the tag pasted on it: 'This was damaged before being handled by X Y Z Warehouse Co.'"

Trouble in damages

"THE same thing applies to mirrors. When they're already wrapped up, we suspect them."

Countless such experiences have bred a wariness in the men in the "Household Goods Warehousing" industry.

Most companies paste the "damage tags," on articles in the owner's presence. Even so, broken crockery has a strange way of becoming precious Haviland, and a scratched desk worth \$10 may turn overnight into an antique worth several hundred!

"Especially in homes where there are several servants, it is necessary to check each thing," the warehouseman explained. "The owner may believe she's telling the truth when she says that not one of her plates is chipped. But sometimes I'll hold up her set of 18 plates and ask her to take out the bottom one. Usually it is cracked. Possibly she knew nothing about it, and never would have, since 18 plates are seldom used at once.

"Often, too, there are cases where no intentionally unjust accusation is made. Not long ago a woman phoned me, and cried hysterically that one of our men had stolen a valuable watch.

"I went out there myself. For some time we unpacked and searched bureau drawers without locating the watch. She remembered, she finally said, taking the watch from the window sill in the bathroom and placing it on her dresser. I got a long ruler and poked back of the old fashioned bathtub. Along with several quarts of dirt, hairpins and bits of soap came the watch. Evidently it had fallen from the window sill.

"It only goes to prove my theory that all women are a little screwy when they move. They have been settled a long time, and when they suddenly look around and realize how much they have—furniture, pictures, dishes, pans, books—they get jittery."



One woman drew a zigzag map of the route. She wanted to fool the dog

One woman whose furniture had just been taken out of storage after some months telephoned this warehouseman to say that, in checking over her things, she missed a valuable ladder-back chair.

"Our list showed no ladder-back," he explained. "And, since each item is carefully recorded, obviously it hadn't been in the lot. But, when I tried to tell her so, she grew indignant. She described the chair in detail. It was a family heirloom. Lost pieces so often are!"

Finally he told her to buy a satisfactory duplicate and to send him the bill. When two months had passed and no bill arrived, he called to ask what she had done about it.

"Oh, I forgot!" she caroled into the phone. "You see, my maid found that chair in the attic, right after I called you!"

"It hadn't been sent to the warehouse at all. Wasn't that amusing?"

Belongings have been "stored" from the dawn of history, but household warehousing has attained the

status of an industry only in the past 60 years. It was shortly after the Civil War that the first warehouse was built especially for the storage of household goods, at the corner of Fourth Avenue and Thirty-second Street, in New York City.

Builder and owner was John H. Morrell, an ex-banker. He brought methodical and exact habits to the business.

He perfected a storage receipt which defined the mutual responsibilities of owner and storage merchant. Also—an entirely new idea—he made access possible to stored goods.

In 1881, fire destroyed his warehouse and its contents. But the idea was quickly copied, and soon the Lincoln Safe Deposit Company erected the first fireproof building, introducing also the idea of separate rooms for private storage. Its success brought about the construction of other warehouses.

Warehouses have grown

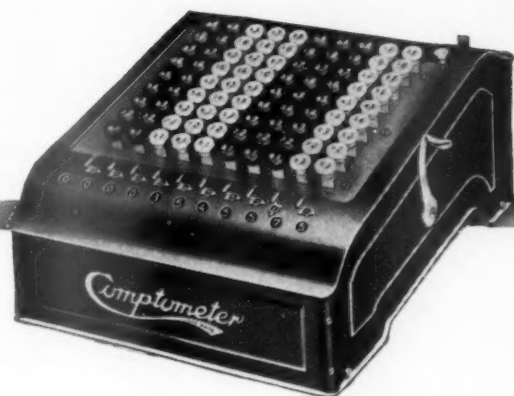
BACK in 1897, C. A. Aspinwall, now president of the Security Storage Company in Washington, D. C., and long considered the dean of the industry, wrote an article for the *Financial Review* on the "Evolution of the Storage Warehouse," listing the fireproof warehouses in the country at that time—just eight of them, with two under construction. The number is now several thousand. It is impossible to state accurately just how many, since even the industry's trade paper, *The Furniture Warehouseman*, has no specific information. Secretary of the Furniture Warehouseman's Association, numbering some 800 members, says "As nearly as we can estimate about 3,000 firms are engaged in storing household goods in the United States."

Chief reason for the lack of statistical data is that many firms are also engaged in other businesses and are classified elsewhere. Thus, in 1935 the Bureau of Census reported only 649 household goods warehouses, with the explanation that establishments reporting less than \$500 revenue were not included, nor were many others engaging in warehousing if less than 50 per cent of their total revenue came from it.

The Bureau figures for these 649 establishments showed 5,500 men on the pay roll, which totalled about \$8,000,000. The entire revenue was a little less than \$20,000,000.

But, although the practice of storing goods has only recently become known as an "industry," warehousing probably was the first business of

EQUATION FOR OWNERS AND EXECUTIVES WHO SAY: "MY BUSINESS IS DIFFERENT!"

$$150 = 88$$


ELECTRIC MODEL K

Recently the makers of Comptometer chose at random the names of 150 businesses handling *all* their figure work on one, two or three Comptometers. The list, when classified, totaled 88 *kinds* of business.

They range from bakeries to department stores, from coal mines to laundries, from lumber to glass and paint . . . from gold beaters to suppliers of rabbit fur to hatters, from plumbing supply houses to die-casting companies . . . from photo-engravers to dairies . . . from steel jobbers to wholesale grocers . . . from hardware stores to automobile dealers.

Because each of these 88 fields of business use *the same figures*, 0 to 9, in different combinations, Comptometers and

Comptometer methods "filled the bill" for each of them—and *effected noteworthy economies of time and money in each case!*

This "Comptometer economy" is fourfold. It stems from *speed* . . . from *adaptability* to every phase of figure-work routine . . . from *accuracy safeguards*, such as the Controlled Key, which literally *compel* absolute accuracy . . . and, above all, from *methods which largely eliminate copying and posting of figures*.

May our representative show you (in your own office, on your own work) how "Comptometer economy" applies to *your* business? Telephone your local Comptometer agent, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.

all time. The early peoples lived in family units called tribes. When they migrated to fresher camping grounds, their supplies and equipment were bunched together and put in charge of the head man of the tribe—the first drayman.

From the fact that articles are stored, one would infer that they have some value. And the warehouseman considers them a form of wealth. Yet a large percentage of stored goods has little real monetary worth. Storage charges over long periods often outweigh the amount such articles bring at forced sale.

"No other business is built so largely on sentiment as ours," one warehouseman said. "Because you can't bear to give up the rocker where you held your baby, the bed in which your husband died, your old cut-glass wedding presents, and the books you used in grammar school, you—and thousands like you, fortunately for me—are willing to pay to keep these mementos safe."

On deposit with one company for more than 22 years is a room of furniture left by a mother to her son, with the death-bed request that he never sell anything that had been hers. The furniture is worth about \$25 second-hand, but he has paid \$1,300 storage charges on it and is still paying.

But probably the all-time high for

long storage goes to a lot that remained 38 years at a Washington, D. C., warehouse. The charges paid before it was finally removed totalled \$15,000.

This is the story. In 1891, a charming young Washington girl was married to a young marquis, secretary at the Spanish embassy. Shortly after they had set up their first home the young marquis was transferred to another capital.

Long-time storage

THE furniture was sent to the warehouse, and the bride and groom moved away, never to return to this country. But each year they sent a check for the storage charges.

One day, many years later, a handsome, white-haired woman called at the warehouse office. She was the bride of the young marquis, now a widow. She had a home in Biarritz, her two children were grown, a daughter living with her, a son in Madrid. She said she would dispose of the furniture soon but, before time permitted, she died. However, because of its sentimental value to their mother, the son and daughter had the lot shipped to them in Spain.

Sentiment in another instance became a boomerang. A woman of 74 sent for a warehouse owner who hap-

pened also to be a personal friend.

"I've decided to try hotel life for a while, Charley," she explained. "And I want you to store my furniture. What will it cost?"

"Why bother to store it?" he asked. "Give it to your children and save your money. It will cost you about \$11 a month to store it. You're going to live in a hotel and probably travel a bit. Why not divide the things among the girls now, and later they won't be squabbling over them? They'll be much happier."

"Oh, my eye, Charley! I'm not done for yet!" she said sharply. "Maybe I won't like living in a hotel. Maybe I'll want to set up an apartment some time. You never can tell. I don't want to give my things away. And certainly my girls won't fight over the stuff."

But hotel life did satisfy her, and for 17 years she paid storage charges. At her death, since she had made no will, her five daughters met at the warehouse—nice, middle-aged, cultured women—and fought like fishwives over the choice antiques their mother had owned.

Valuable antiques, although few, have appeared in some unusual shipments. For instance, a company once sent its vans to collect the furniture in an old colonial mansion in up-state New York.

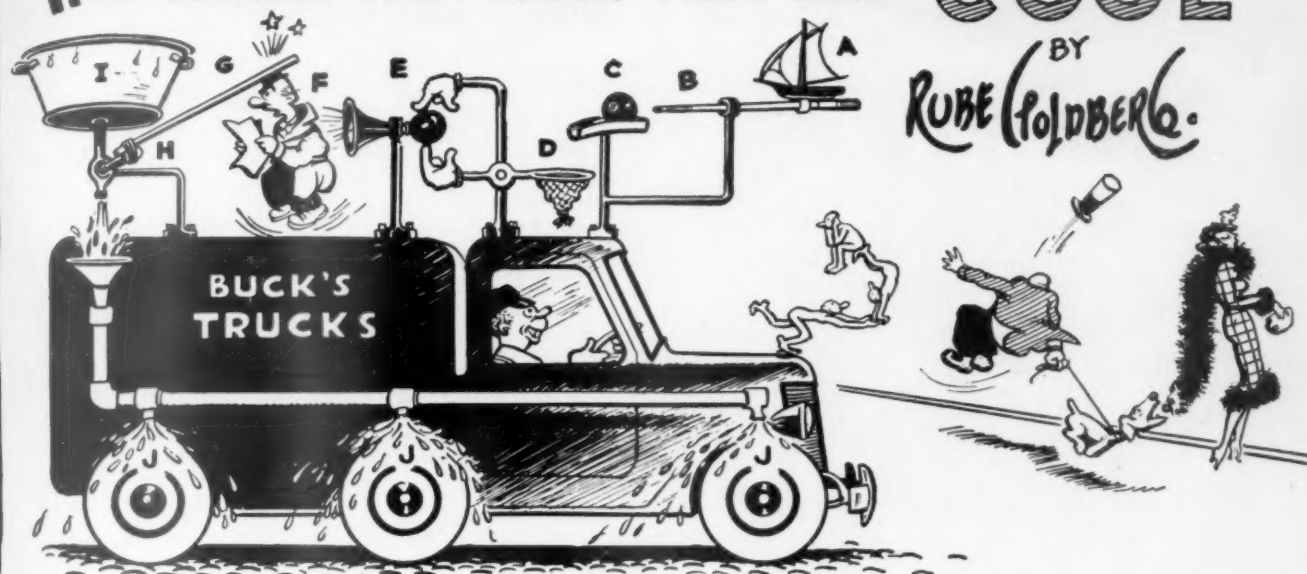
(Continued on page 80)



At her death, since she left no will, her five daughters met at the warehouse and fought like fishwives over the choice antiques their mother had owned

HOW TO MAKE YOUR TRUCK TIRES RUN

COOL

BY
RUBE GOLDBERG.

BREEZE STARTS SAILBOAT (A), CAUSING BILLIARD CUE (B) TO KNOCK EIGHT BALL (C) INTO POCKET (D), BLOWING HORN (E), WHICH SCARES MIDGET PEDESTRIAN (F) - HE JUMPS, HITS HEAD ON STICK (G) AND TURNS ON FAUCET (H) - RAIN WATER RUNS FROM PAN (I) INTO PIPES AND THROUGH OUTLETS (J), COOLING TIRES AND PROLONGING THEIR LIFE!

IF YOU WANT A CHEAPER METHOD Here's a New Kind of Truck Tire That Does Not Get Dangerously Hot

● Making truck tires run cool is a joke to Rube Goldberg. It's his business to treat things lightly. To us, the problem of tire heat is a serious one. Only after years of research was Goodrich able to offer a simple, practical way to get cool-running truck tires—and that means tires that give more miles per dollar—even under peak loads and high speeds.



NEW CORD FIGHTS
"KILLER" HEAT

Heat is the enemy of truck tires. Those extra-heavy loads and high speeds send temperatures skyrocketing. Tests show 300° temperatures are common. Yet sustained temperatures above 240° are sure to result in premature failure!

Goodrich now offers you a tire built with a new kind of cord—cord that ends the heat problem. This cord checks blow-outs and premature failures caused by excessive internal heat! It practically eliminates sidewall breaks and blow-outs!

Isn't that money-saving news? Well, here's how it works. This cord, called

Hi-Flex, is more compact, more elastic—yet actually stronger than ordinary cord. It retains its strength and elasticity throughout the life of the tire. When stretched, it comes back alive, prevents the tire from "growing." This cord not only slows down heat generation—it also withstands better what little heat is generated!

With the right size Goodrich Silvertowns at work you won't have to worry about extra-heavy loads, high speeds—or any of the other conditions of modern trucking that develop "blow-out" heat in ordinary tires.



TRIPLE PROTECTION, TOO!

But there's still another big reason why you can expect lower cost-per-mile with Silvertowns. They're Triple Protected. Only Goodrich gives you these three important safeguards:

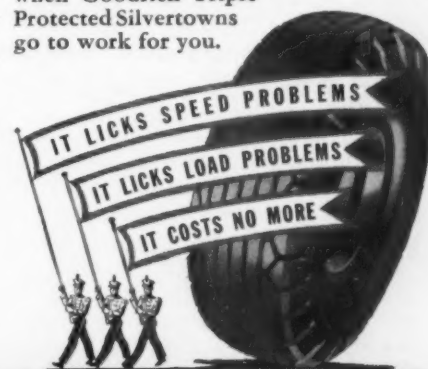
- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.

3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

This Triple Protected Tire has been tested on the country's worst "tire-killer" hauls. And here's what happened. It ran two—even three times longer than the best competitive tires used!

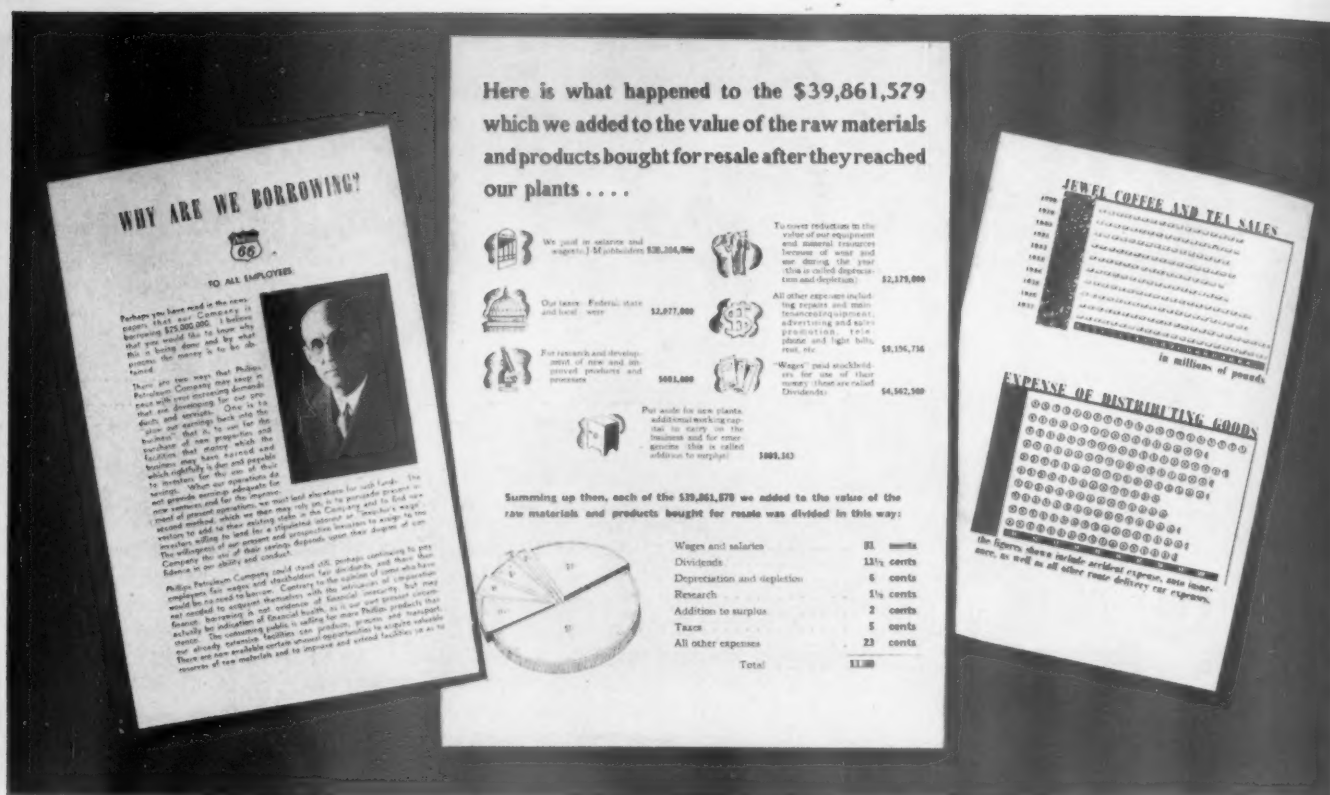
NO EXTRA COST

Your Goodrich dealer or Goodrich Silvertown Store can verify these facts. Can even estimate how much you will save when Goodrich Triple Protected Silvertowns go to work for you.



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



Unless you are prepared to be frank and thorough, it is best not to issue a report

If You Print a Report for Employees

By HERBERT E. FLEMING

SOME "do's" and "don't's" based on a study of 42 reports which representative companies prepared last year for the information of their workers

THIS spring executives of corporations throughout the country, having received the audits for 1938 from their accountants, are joining in larger numbers than heretofore the procession of those issuing, besides their annual reports to stockholders, simplified financial reports to their employees.

They are doing this because of the favorable experiences of corporations—at least 42—which last year, and some even earlier, issued such reports.

In addition, a few companies now issue quarterly and semi-annual financial statements to their employees, and many use their house organs to bring out one point after another on company finances and operations.

These reports cover company operations and finances, and the relationships of management, employees, stockholders, customers and government. They are designed to answer the natural questions about the business

that arise in the mind of the average employee.

Seventeen corporations issued their reports to employees in printed pamphlets, in parallel to the reports to stockholders.

In two important instances employees and stockholders were addressed jointly. The Caterpillar Tractor Co. issued an "Annual Report to Stockholders and Employees." The annual pamphlet report of Botany Worsted Mills, although addressed "To the Stockholders" included illustrated, tabular spreads each with a sub-head reading, "Figures Humanized for Our Stockholders and Employees."

Two other corporations, General Foods Corporation and Jewel Tea Co.,

Inc., lined up their pamphlet reports to appeal to their customers as well as to stockholders and employees.

Eighteen companies used their employees' magazines, or house organs, including

among the news items financial reports to employees, in a few cases giving both income and expense statements and balance sheets in full, but usually giving either the balance sheet or the operating statement, or selected figures, with comments.

In most cases, both the companies issuing special pamphlets and those using the employees publications for annual reports, also utilized their house organs for interim articles and comments on finances, operations, and business relationships. In some cases employees' meetings were held for oral explanations and answers to questions by the company presidents.

Two companies issued to their employees a series of pamphlets on their industries and also on business in gen-

NEW 1939 CHEVROLET TRUCKS



THE LIGHT DELIVERY PANEL
113½-inch wheelbase

Business Men Agree—

“CHEVROLET TRUCKS ARE THE TRUCKS OF TRIPLE SAVINGS”

Save on purchase price . . . Save on gas and oil . . . Save on upkeep

FEATURES

NEW LONGER WHEELBASES •
MASSIVE NEW SUPREMLINE
TRUCK STYLING • FAMOUS
VALVE-IN-HEAD TRUCK
ENGINE • NEW SUPER-COM-
FORT CABS • VASTLY IM-
PROVED VISIBILITY • POWER-
FUL HYDRAULIC TRUCK
BRAKES (Vacuum-Power Brake
Equipment optional on Heavy Duty
models at additional cost) • FULL-
FLOATING REAR AXLE on
Heavy Duty models only. (2-
Speed Axle optional on Heavy
Duty models at additional cost)

Every Chevrolet truck earns its way, mile by mile, day by day, through an unequalled combination of low first cost, low operating cost, and low maintenance cost. And now, no matter how large or how small is your truck operation, there is a Chevrolet exactly suited to your needs. You have your choice of 45 different models in eight wheelbases. Capacities range from fleet light delivery models to massive heavy duty units of 14,000 pounds gross rating. See these new 1939 Chevrolet trucks—“The Thrift-Carriers for the Nation”—and ask for a thorough demonstration *today!*

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICHIGAN
General Motors Instalment Plan—convenient, economical monthly payments. A General Motors Value.

**New
Chevrolet-Built
CAB-OVER-
ENGINE
MODELS**



Entirely designed and entirely built by Chevrolet . . . offering amazing new triple savings . . . the threefold economies of extra big load space, Chevrolet's new lower prices, and Chevrolet's exceptionally low operating costs. Ask your Chevrolet dealer for a demonstration—today!

THE THRIFT-CARRIERS  FOR THE NATION

eral. The Mountain States Telephone and Telegraph Company sent a copy of its report to stockholders to every employee. Many of the companies issuing special reports to their employees offered to send any employee a copy of its annual report to its stockholders on request.

Out of the experience of those who have pioneered in this line, executives of other corporations can get some helpful "do's" and "don't's."

The recommendations offered here are based on a study of reports to employees made in the past year.

Some of the objects which companies issuing these reports have sought, and believe they have attained, are:

To help the employees understand the business in which they are employed, and particularly the relations between management, investors, customers, government, and themselves.

To bring home to employees the necessity of investing capital in equipment, materials, accounts receivable, emergency reserves, etc., and consequently the necessity of providing dividends for shareholders, in order that the company may serve the public continuously and require their employment continuously.

To give the employees, as such, legitimate recognition.

To increase their loyalty to the company and, through all these means, to improve employee relations, and, through that, to improve public relations.

The basic recommendations concern

the substance and the style of the report. It should be a presentation and explanation, in layman's language, of both the income and expense statement and the balance sheet.

Frankness is necessary

THE tone and spirit of the report is of paramount importance. Unless the management is prepared to be frank and thorough, to answer all questions which the intelligent man or woman might ask, that management would be wise not to enter this field of public relations promotion.

Under this heading of attitude comes the admonition,

Don't "talk down" to the employees.

As an executive of the Illinois Central System says, "It is no insult to anybody's intelligence to state a fact simply and clearly, but it does insult the intelligence and arouse resentment to take a simple fact and belabor it."

It is desirable to have the report to the employees signed by the company president, come from him, sound like him. This effect was heightened in several of the reports by including photographs of their presidents. But the tone of a president's report to employees has to be man to man. Otherwise it does not ring true. The Mon-

santo Chemical Company report appearing in 1938 began:

Let us sit down together and talk for a little while about our business.

If the conversation in print which followed that statement had sounded like bunk the report would have been worse than worthless.

To the impartial observer reading and comparing the reports, one of the general conclusions is that, as a type, the most telling were the special pamphlet reports addressed to employees. They give more definite recognition to the subject, and to the individual employee's interest in it, than is possible for reports and comments appearing with other news stories and snap-shots in the employees' periodicals.

Among last year's reports, the most convincing carried salutations or titles or both such as these:

"Annual Financial Statement to Employees for 1937—Cluett, Peabody & Co., Inc."

"Annual Statement to Employees of the Pullman Group of Companies,"

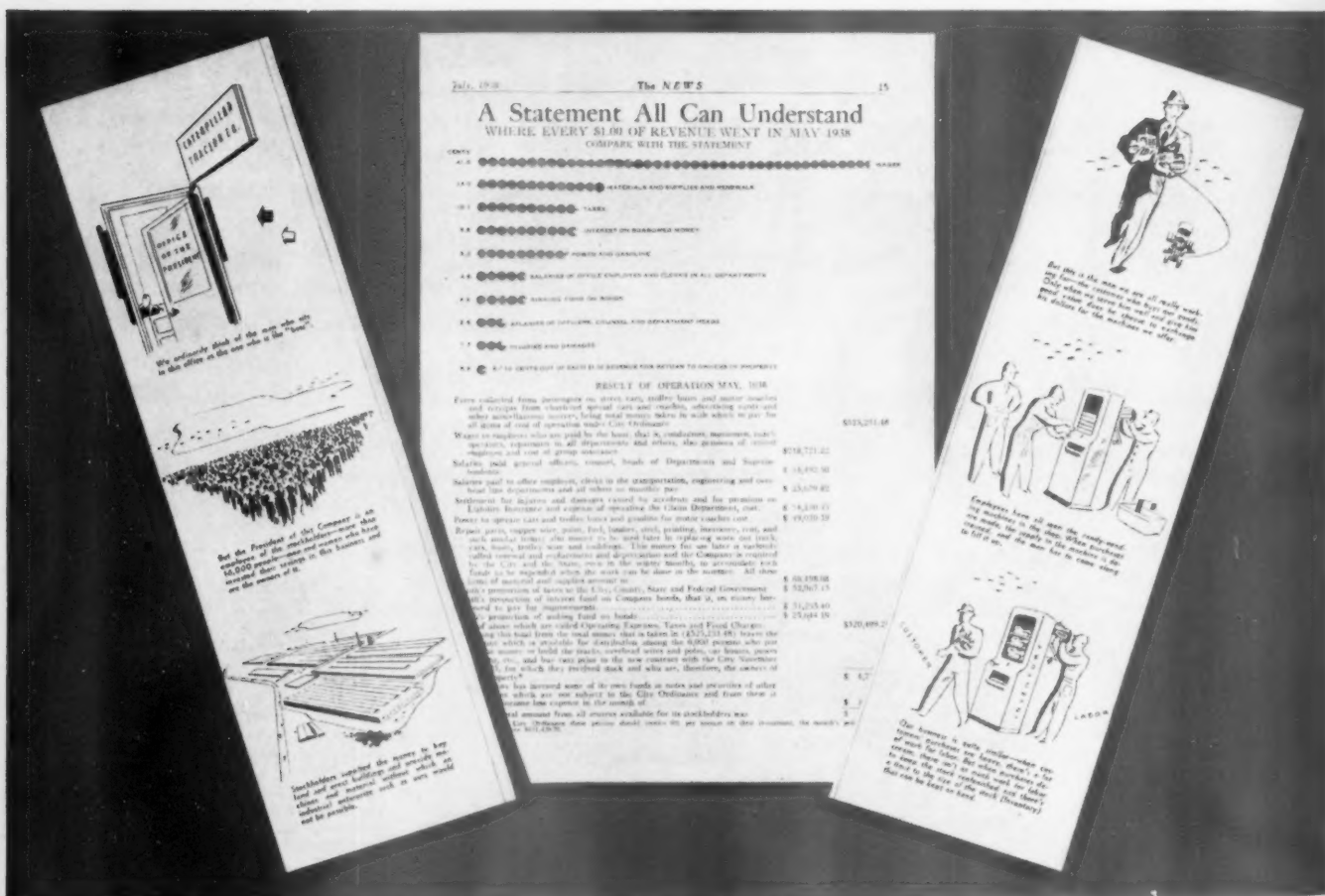
"To All Members of the Union Bag Organization,"

"To The Employees of the Monsanto Chemical Company,"

"Socony-Vacuum's Annual Report to Employees,"

"Westinghouse Industrial Relations, 1937—To Officers and Employees,"

"1937 Financial Report To every man



Illustrations such as these which help to explain text and figures are helpful but humorous drawings detract from the dignity and force of the presentation

Man Masters Metal...



Texaco lubricants for the many intricate machines and processes of metal working are available at 2229 points across the country

Metal working machines may be slow-moving giants or agile pygmies. Each may combine special lubricating problems of its own, operating with the cutting and soluble oil requirements of the cutting tools used. Here Texaco can step in to render wide service . . . in providing the right lubricants from 2229 warehousing points . . . by offering skillful engineering help that insures the right specifications for efficient economical work. Call:

THE TEXAS COMPANY in 48 States.



and woman working in the United States for The Yale & Towne Manufacturing Company."

"1937 Annual Report of the International Harvester Company—To Harvester Employees."

Pick a good salutation

THESE clicked at the start better than those addressed "To My Fellow Employees," or "By the President of the ——— Company to His Associate Employees," or in similar fashion. While it is all right for the executives to point out that, in the last analysis, they all work for the owners of the company, it strikes a false note to stress this idea too much.

Furthermore, the reports which discussed fearlessly the compensation of the officers as management took a step that made them especially persuasive.

of the business in which they have invested their savings. The wages of employees, and employment itself, also depend upon whether or not the business is successful. Successful management is worth its cost.

One of the most important questions which companies issuing these reports for the first time will face is whether to present both the income and expense statement and the balance sheet, and how much to condense them.

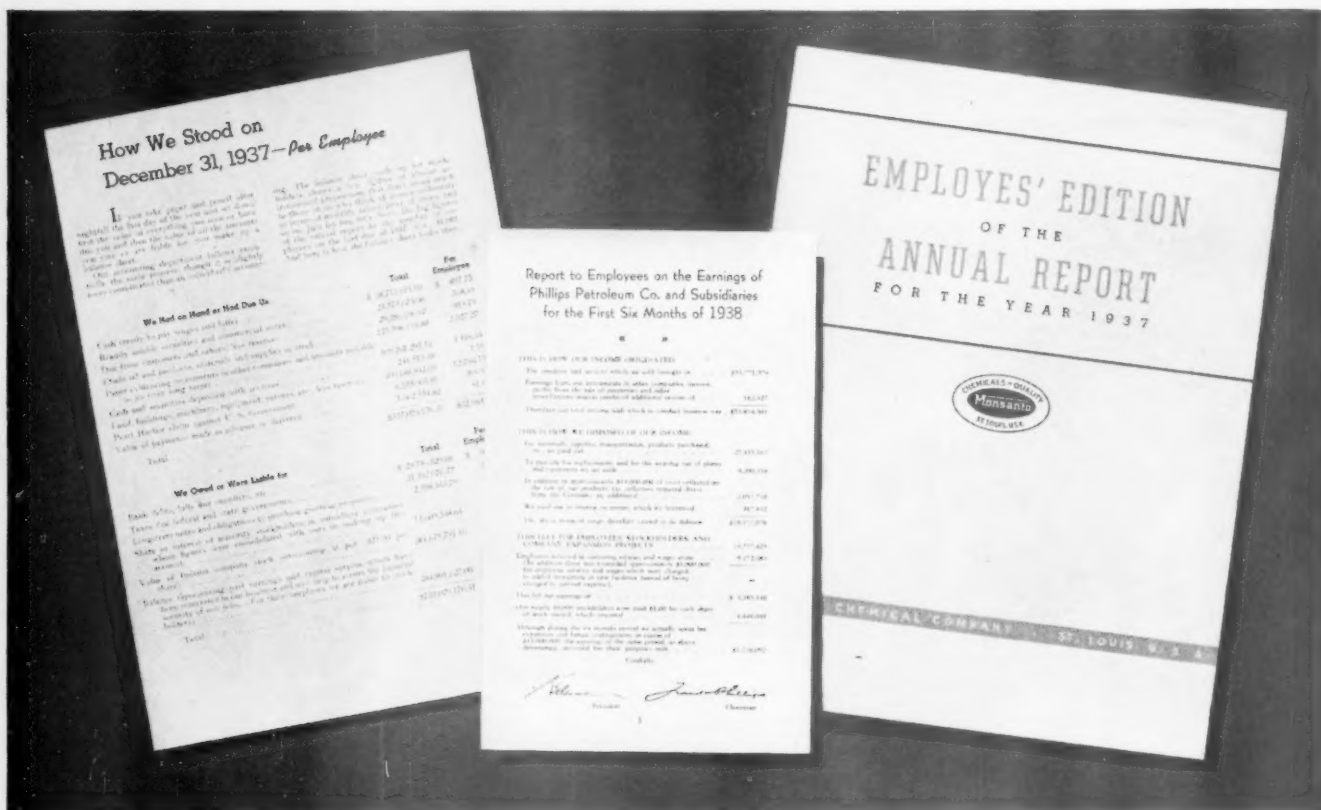
A safeguarding recommendation is: If only the one or the other is presented, it is wise to offer the employee an easy way of getting a copy of the report to stockholders. Experience shows that there are few requests for the complete report but that the offer dispels any suspicion that the company is holding back information.

The real recommendation, however, is that both operating statement

SHEET: There are two important statements in all annual reports prepared by business houses. One is called the Income Account, which shows the profit and loss resulting from the year's operations. The other is called the Balance Sheet, which shows the financial condition of the business at the close of the year. The Income Account and the Balance Sheet for the Company's fiscal year appear herewith.

It is a sound recommendation to say that, in most cases, the financial presentation should begin with the income and expense statement. The reports which showed how much money the company took in from customers, and that what they got from customers was all that they had to spend for materials, employees' pay, dividends, and taxes were the most convincing.

One form of presentation is to use the accounting terms with the layman's explanations following. An-



The tone of the report should be man to man. Separate pamphlets seem most effective

The Pullman Group of Companies commendably went to the extent of including in the management not only the 34 officers but also 173 supervisory officials:

Salaries of the management staff of 34 executive and 173 supervisory officials of the Pullman group of companies amounted to \$1,611,638, or 3.4 per cent of the total 1937 pay roll. The margin between success and failure in business is narrow, and cannot be maintained unless a capable management is available to establish sound policies and carry them out effectively. Stockholders realize that their wages, in the form of dividends, depend largely upon good management

and balance sheet be made the principal substance of the report.

For all companies except those where it seems of paramount importance to drive home the necessity of investing capital in equipment and materials for employees to work with, presentation of the balance sheet in simplified form should be secondary. But it should be included in every report. Here is a good paragraph from the International Harvester Company's last year's pamphlet introducing the financial tabular statements:

INCOME ACCOUNT AND BALANCE

other form is to scrap the accountants' terms almost altogether. Many examples of both methods are to be found in the reports studied as the basis of these recommendations.

Illustrations supporting the figures are a help. These illustrations include graphs and outline drawings. The so-called "pie-chart," with the different-size slices marked off for materials, wages and salaries, dividends, and taxes, for example, is especially helpful. Bar charts also are used.

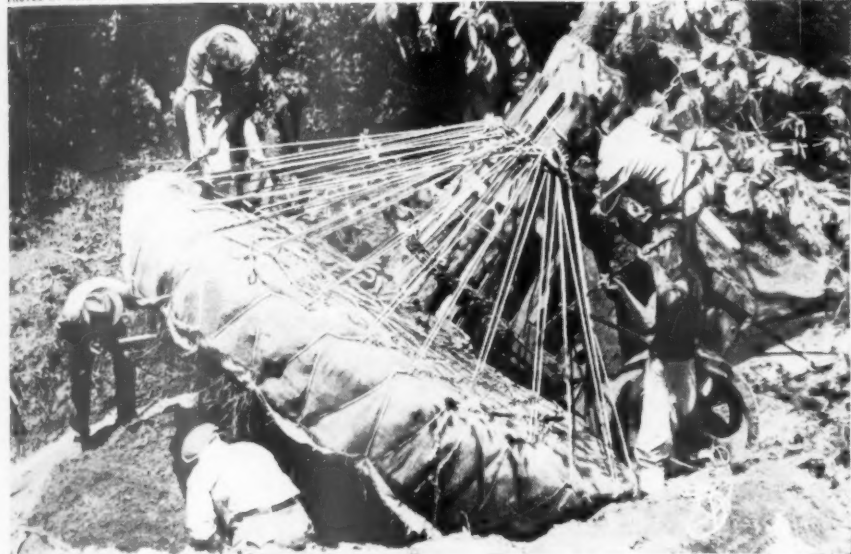
A poster "pie-chart," 18½ x 25½ (Continued on page 82)

Passenger Service for Trees



Wrapping trunk to protect it from tie wires used in moving

PHOTOS BY ELIZABETH R. HIBBS



Workmen remove soil attached to root hairs and lace them into bottom of root ball—excelsior padding is added later



After the tree has been securely cradled it is pulled out to firm ground with a tractor and started for its new home



Front wheels of trailer are attached after tree has been pulled onto a cradle

WHEN it is necessary to transplant a big tree it takes big business brains and tools to do the job. The illustrations give some idea of its magnitude.

The diameter of the root ball of a tree such as an elm or maple is generally nine times that of the trunk one foot from its base. A trench three feet wide and from three to five feet deep is dug around the root ball after its size has been determined. As much as possible of the root ball is then covered with several layers of burlap and bound with rope.

When the digging operations are completed, and the tree is wrapped and tied to protect it from damage in moving, it is pulled into a tree cradle or moving machine and workmen lace in all roots which have been pulled up with the tree and secure them by stretching rope across the bottom of the ball. Front wheels and center beam are attached to the cradle and the load is pulled out to firm ground by a tractor. Before moving any further a webbing is made under the base of the root ball and an excelsior stuffing is packed in for protection against exposure and injury en route.

After the tree has been transported to its new site and planted it is pruned and wrapped in burlap up to the first branches for protection against drying out. It is held in position by guy wires which are left for several years or until new anchor roots have grown.

In the finishing process several barrels of water are fed to the root system weekly through a water-holding ring dug around the root ball or through drain tiles set vertically into the soil.

Expert tree movers say that loss of deciduous trees of from six to 12 inches in diameter should not run much over three per cent if the job is well done. Costs vary according to all sorts of conditions, but a fair estimate for moving a six inch tree any distance within 20 miles is \$200.

—ELIZABETH R. HIBBS

Washington and Your Business

That's Kennedy's Hooves You Hear

PERHAPS Ambassador Joe Kennedy will be the Secretary of the Treasury when this is read. Perhaps he never will be. But the transcendental double act of throwing Secretary Morgenthau over the battlements coincidentally with welcoming Ambassador Kennedy in at the front door is being considered as a part of the policy of appeasement. It is reported, however, that Ambassador Kennedy may not play. He did not expect to like the Court of St. James, but he does like it. And he is primarily a business man and does not care to go appeasing unless he has something real to offer.

Morgenthau Very Much in Earnest

NOT that Secretary Morgenthau was not very much in earnest when he promised lower taxes to the business community. Nothing could please him more than to join Sen. Pat Harrison and Representative Doughton in their fight against throttling taxation. But Mr. Morgenthau can be moved about on the board by the President, whereas Kennedy does not move so easily. When he sticks his feet in they stay stuck. The inner story of his operations as chairman of the S.E.C. and the Maritime Commission may never be written, but if it ever is Mr. Kennedy will become known as the Man of the Iron Jaw.

It's Pen and Ink That Does It

IF anything comes of the current offers of love and kisses to the business community one man back home will be responsible for it.

He is the man who sat down and began a letter in this way:

"Dear Senator——"

That is the theory of John R. McCarl, former Comptroller General, who points out that, during his 15 years in that office, every effective move toward reducing national expenses came from Congress and not one from the executive branch. The executives during this period were Harding, Coolidge, Hoover and Roosevelt.

Put Faith In Your Senators

HE does not advise disgruntled business men to utter full-throated squawks, but to get down to detail. If a man has a complaint to make he should give names, dates, places and costs. The business man need not fear the Senator will make his name public except with his consent. To do so would be to permit the opposition to attack his weaknesses instead of his charges.

Strong Meat In This Casserole

THERE is a chance that the House and Senate will set up a joint committee to consider national finance and taxation. Probably a select committee will be named from the present standing committees. The joint committee would be given a permanent staff and would be able to present an exact and inclusive picture of national finance to Congress on call. This would be a serious challenge to the executive branch, which has been presenting a so-called budget based on wishes rather than on hard fact. The plan will be vigorously opposed.

One of Those Little Things

HERE is a tiny sample of how government business is run. During the year fines amounting to \$161,736 were imposed by various courts on persons who had forged endorsements on the 57 varieties of checks issued by the Government. The Secret Service supplied the evidence. But the Secret Service has asked the Department of Justice to find out how much of the total was collected and the D.J. does not know. It is in the Department of Justice that Assistant Attorney General Thurman Arnold is located. No one is more convinced of the faults of private business than Mr. Arnold. But private business would know how much of that \$161,736 had been collected.

Why Not Give S.S. a Chance?

Write him at Washington. Chambers of commerce please note. Eight false five dollar bills, six or seven tens, and two or three twenties are bothersome right now.

Second Guess May Be Better

BEST guess at the moment is that the Federal Communications Commission will not be shaken up immediately. Reason why is not that Congress is satisfied with the F.C.C. or its sextuplet shenanigans but that a careful study is being made of methods by which a government censorship of radio may be definitely prevented. No agreement has yet been reached.

Stale but It's Still Tasty

GOSSIPS say the reasons why Uncle Dan Roper's resignation as Secretary of Commerce was presented for payment—that is to say the reasons stated by the receiving teller—were two in number. His department had gathered statistics showing that the product of 72,000,000 foreign acres had been imported into the United States in a single year and had loudly opposed the effort made by Assistant Secretary of State Sumner Welles to have the Bureau of Foreign and Domestic Commerce transferred to State.

Then the Policy Was Overturned

THEN the new appeasement policy was decided on, and Mr. Roper, who had been the most persistent appeaser in the entire administration, was tossed out so that Harry Hopkins could do a louder job. Current report is that he proposes to keep the Foreign and Domestic Bureau in the Commerce Department, for fear State might sell some business men down the river to give the brotherhood of man a boost. So far as can be seen, business thinks Hopkins means well, but would like to have some more nutritious fodder rather than kind words.

Signals Seem To Be Crossed

HOPKINS has admitted, however, that one reason why business has not prospered is that it has had no confidence in the intent of the Administration. An evidence is to be found in the Guaranty Trust's survey, which shows that



"Miss Jones,

Write a Thousand Letters"

Thousands of "Miss Joneses" are getting assignments such as this every day—without batting an eye. The Multigraphs in their offices take big letter jobs in stride—do them conveniently, quickly, neatly, and legibly.

With Multigraph, thousands of executives have a practical, economical way to cash in on the power of letters—to sell, collect, inform, and instruct. They are able to carry out *more* profit-making plans.

In addition to building business, Multigraph methods go farther—they make big savings in the production of most all the forms every business needs. In recent years, Multigraph methods have been greatly extended, so that even fine letterheads and photo-illustrated literature of all kinds are now simple office-duplicating jobs.

You will want to see why so many businesses are adopting Multigraph methods—why they are so proud of *all* the forms and communications they produce. See actual samples of Multigraph duplicating and let the Multigraph man near you demonstrate latest developments in machines and methods of preparing original copy. The listing in principal city telephone books is "MULTIGRAPH SALES AGENCY."

Plan to visit the Addressograph-Multigraph exhibits
at New York World's Fair and Golden Gate International Exposition



Multigraph

Multigraph Duplicator

Multilith

ADDRESSOGRAPH-MULTIGRAPH CORPORATION
Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, Ltd., TORONTO
Sales Agencies in Principal Cities

the average of new corporate capital financing in the five years 1934-38 is but one-sixth the 1922-29 record. The New Deal issue of common stock averaged but \$100,000,000, which makes it clear that investors did not want to take a chance. Yet, at the same time that Hopkins was leading the choir, the National Resources Committee, which more than any other one organization voices the President's desires, made a report to the effect that federal regulation of oil, natural gas, electric power and coal should be extended.

Not So Sweet and Tougher

REPORTERS who have been observing the operations of Col. F. C. Harrington, the Army engineer who replaced Hopkins as head of the W.P.A., give him a tentative grade of "A." He may not be so frequent on the *vox humana* as his predecessor, but they think he is a very practical, human person who can be as hard boiled as an iron egg but would prefer to conduct the W.P.A. as a business man would. Army engineers, it might be observed, rarely bother about politics. He is entered in a hard race, but at least he's off to a good start.

Some Would Call It Smart

IT'S a good gamble, for example, that strikers who want to get on the W.P.A. rolls while striking must be approved by the local authorities, and that, so far as the W.P.A. is concerned, no one is striking anywhere. This may not be heroic but it seems to make sense. Local officials and heads of helping organizations might stick a pin here.

Buckshot for Santa Claus

THEY seem to be shooting Santa Claus nowadays, in spite of what Al Smith said of the unlikelihood of this form of sport. Out of a total allotment of \$14,725,517 offered by the P.W.A. for the financing of competitive municipal electric plants no bidders were found for \$10,103,627. Putting it another way, 36 allotments out of 78 were rescinded because the voters had apparently developed a distaste for public ownership. About one-half of the allotments still effective are in small towns in Texas.

R.E.A. and Its "Model Bill"

TO promote its operations, the Rural Electrification Administration has prepared a "model bill" which is being distributed through farming areas in the hope that their residents will bring pressure for its passage on the state legislatures. The bill exempts rural electric cooperatives from excise taxes, blue sky laws and the jurisdiction of state regulatory commissions. The P.W.A. tried to shove some bench-made laws for the promotion of public ownership of electrical utilities down state legislative throats in 1934 and did not get very far.

Tax Pains in T.V.A. Country

THE Tennessee House defeated by the close vote of 47 to 45, two members present and not voting, the proposition of Governor Cooper that a three per cent tax be imposed on T.V.A. power distributed in the state. It is estimated that the defeat will cost the state \$1,000,000 a year. The yardstick is dwindling.

Society Editor Makes Report

IN court circles it is said that the distaste which Mr. Thomas Corcoran feels for Dr. Rexford Tugwell is only equalled by the passionate lack of love Dr. Tugwell manifests for Mr. Corcoran. Not that it really makes any difference now.

Labor Laws to Be Recooked

ON Capitol Hill it is very widely believed that the decision of the Supreme Court in the Fansteel case may make it possible for Congress to consider at greater leisure the amendments to the Wagner Act which seem to be regarded as inevitable. The explanation is that the N.L.R.B. will be more conservative in the future.

The Wage-Hour Act will also come in for some changes, but congressional spokesmen indicate that Administrator Andrews will be given time to study the law and its workings and that his suggestions will be given a friendly hearing.

Agents of the Monopoly Committee are working out a draft of a new and more equitable law which will cover the entire labor field.

Maybe This Was a By-Product

JEROME FRANK, who perches somewhere near the tip of the left wing, asked the counsel for the F.T.C. during the Monopoly Committee's investigations:

Why should not the F.T.C. be given authority to make advance decisions on trade laws?

"No bureau should be given such power" was the reply.

The Supreme Court in the Fansteel case made it clear that this is its opinion.

Two Groups, One Thought

THE understanding which has apparently been reached that the Monopoly Committee shall not make more than a perfunctory report this year seems based on the conviction of both contending groups that their interests will be served best by delay. The let-government-take-all faction thinks that it can demonstrate that too much power is lodged in the managers of the great corporations. The alternative, of course, is to turn them over to federal control.

The other faction thinks that sentiment is rising against too much government in business and that it is being shown the corporations have been wisely managed.

Rap on Nose for Small Business

WITH one face the Administration is whispering sweet words in the ear of business. With the other it is urging the passage of the Barkley trust indenture bill, which would give the S.E.C. jurisdiction over the terms and provisions of the trust indentures under which corporate securities are issued. In fact it makes government the third party at the drafting table.

The larger corporations with high credit can raise their funds by private sale to the banks and insurance companies, under the Securities Act of 1933.

The smaller companies would have to go to trouble and expense in preparing a case to be put before the S.E.C. and would have no right of appeal if the ruling were against them.

"This," said one of the opposition, "gives the S.E.C. the right to make its own rules, interpret those rules itself, and compel compliance."

Straw Shows a Heavy Wind

IT IS worth observing that the House restored the funds for the Gilbertsville, Watts Bar and Coulter Shoals projects in the T.V.A. by a majority of only nine votes. The House hostility to the T.V.A. power plans suggests that a future session of Congress may curb the public ownership power program. Representative Woodrum, highly influential on the Appropriations Committee, has hinted as much. Coal state representatives opposed the grant, be-



IT WAS THE PRIDE OF HIS LIFE—BUT IT'S A REAL WORRY TO ME

IS there a thriving factory, or busy store, or other prospering business into which you've put your very life? "The best heritage in the world for a man's family!"—you may say. And maybe you're right. But *you are the business*—and what would happen if you should die suddenly? Might not that business—the pride of *your* life—be an agonizing problem to your widow, probably untrained in how to run it?

There's a simple answer—arrange that your widow would have a guaranteed monthly income, not dependent on the ups and downs of a business; through the EXTRAORDINARY Life Plan of the Northwestern Mutual.

Think what a blessing that regular income would be to your wife!—especially while your youngsters are growing up. She'd have a chance to arrange for competent management, if she should choose to carry on the business—or to wait for a fair price, should she decide to sell it. And for yourself—if you live, this plan provides you with a welcome fund for retirement in your old age.

It's a liquid asset, too. If need be, you can borrow against your plan's cash value—no "red tape," and no publicity. Its worth is known; its values are guaranteed.

Ideal for your purpose, because it is simple and flexible, is the Ordinary Life Policy of this 81-year-old mutual company. Whatever else you have—a business, good securities, other sound investments—include this necessary item in your estate. When it is fitted precisely to your individual needs, you'll see why it is well called the EXTRAORDINARY Life Plan.

The one *best way* to arrange your plan is with the help of the Northwestern Mutual agent. He's prepared to study your needs, competent to help you arrange the plan to fit them. Talk things over with him.



THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

Is the public



IGNORANT OF YOUR COMPANY'S RESEARCH WORK?

PICTURE the case of two rival companies (side by side) making the same product.

To the public, the two products seem identical. But actually they are different. By research in the laboratory, one product has been improved and extra values added.

But the people don't know about it. They haven't been told.

Thus are millions of sales lost daily. Sales of products that *deserve* public preference, often fail to get it because some company has failed to take credit for real contributions made.

...“Our chemists discovered a secret way to hold the original flavor,” says a manufacturer, “and if women only

knew . . .” Women *can* know and sales *can* be hurried by telling the public and dealers a double story. Not only what the product *is*, but how the company behind the scenes has added hidden values.

By proper advertising, a *company* reputation can be created which can even make sales in the face of rivals who sell for less.

Because “what the public doesn't know, *can* hurt,” manufacturers in increasing numbers are telling their *company* story to the public.

Are you keeping a true, human picture of your business in front of the families who influence opinion in America?

THE CURTIS PUBLISHING COMPANY

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman

cause the miners have felt the hurt done them by hydro-electric power.

Ten Per Cent Tax a Prize of War

THE war scare seems to have considerably abated on the Hill. It has been a pleasant baby to play with, and there seems to be fairly general agreement that our national defenses must be put in order. But Congress seems to have concluded that, if the United States were to go to war, the first move would bring an increase in the individual normal income tax from four per cent to ten per cent, to start with the \$1,000 incomes. No *bueno*, as they say south of the Rio Grande.

Thar's Ruin in Them Thar Bills

PERSONS in a position to speak with some confidence say the Glass-Byrd coterie of economizers are mildly encouraged by recent developments. They point out that public opinion in this country sometimes swings almost overnight and that the opposition to the huge federal spending has become suddenly and amazingly vocal. They even hope that \$1,000,000,000 may be cut from the presidential program. If it is not cut in 1939 the economizers think nothing can be hoped for in the election year of 1940. Two more years of thumping deficits would make inflation certain.

G.A.O. May Win Its Long Fight

IT IS at least possible—not necessarily probable—that Congress may insist that standard accounting practices, as defined by the General Accounting Office, shall be adopted by the government hydro-electric projects. If these practices adhere to the forms required of privately owned electric utilities the much talked of yardstick would become a reality. Recent events—the T.V.A. purchase and the partial failure of P.W.A. allotments—suggest that in the future utilities taken over by the Government will be paid for at a fair price and that no attempt will be made to stuff the ballot boxes. That way lies peace.

Ruling on the Wage-Hour Law

WAGE-HOUR Administrator Andrews has issued sailing directions for employers who had reached wage-hour agreements with their employees prior to the passage of the law and for periods extending after its initial date of operation. He rules in sum that if these prior agreements grant the employees more pay or shorter hours or both, they must be adhered to. If they are not in harmony with the pay and time features of the law, it is the law that rules.

Coal Body Is in Hot Water

INDICATIONS are that, when Congress can take its eyes off the various moves toward appeasement, and the efforts to cut expenditures, and the hope that higher taxes may be escaped, it will take up the affairs of the National Bituminous Coal Commission. The enormously complicated price schedules authorized by the N.B.C.C. suggest that Government is going farther into the management of coal mines than had been anticipated when the act was passed. Simplification will be aimed at.

Best Guess Is for August 15

OFF-THE-RECORD talks in the Treasury and on the Hill are to the effect that there will be no decrease in the tax burden. There may be some shifting of taxes. If the capital stock tax is dropped, as is probable, some kind of a flat-

rate tax on corporation income will be substituted. Not likely any tax law can be enacted before July 1 and present guessing is that the date might be August 15.

Elmer Andrews for Secretary?

REPORTS are circulating that Miss Perkins may find her failing health compels her resignation as Secretary of Labor and that she will be replaced by Elmer Andrews, wage-hour administrator. No present evidence that Miss Perkins suspects her health is failing, however. Andrews is satisfied where he is, as the action of Congress in giving him control of wage-hour funds relieves him from any interference by Secretary Perkins. That suits him down to the ground. If the Green-Lewis peace conference ends in a brawl, however, Miss Perkins will be embarrassed, as it was at her urging that the President called them in.

These Things May Be Done

THERE seems to be a good chance that Congress will say "no" to any proposition to raise the debt limit to \$50,000,000,000 and to extend the present authority for further devaluation of the dollar. Also possible that the relief troubles may be shifted about so that more of the burden will fall on the states. Many congressmen think that is the only way by which the cost of relief may be lessened.

Two Moves for Business Aid

IT is regarded as probable that the Chandler bill will be enacted. This would enable railroads to adjust fixed charges to a practicable level without dragging their troubles through the courts. Also possible that the pay roll tax increase from one to 1.5 per cent, which is set for next January, may be postponed. Business men have complained so bitterly of the Social Security law that there is a reasonable certainty that it will be reexamined in toto.

Peace Dove Wears Spurs

AT the moment of writing the best available opinion is that the C.I.O.-A.F. of L. peace conference will result in a truce which will come to an end about as soon as the conferees stop shaking hands. John L. Lewis has his C.I.O. forces under fair control now and does not fear the insurrectionists of last year. He would only make up with the A.F. of L. if this theory is sound, on a basis of absolute parity, which in effect would give him an edge on the situation. William Green would never consent. Those holding these views think the best that can be hoped for is an occasional agreement of the two big organizations on a specific situation.

One Hand May Wash Two Hands

SECRETARY ICKES'S style in dialectics has not appealed to some congressmen and there is, therefore, more than a probability that the P.W.A. will be permitted to go under the house and die. But the plans for a continuing construction program appeal to so many congressmen who have an affectionate interest in their districts that what would have been P.W.A. money may be appropriated under another title. Unless, of course, the move toward economy gathers really formidable strength.

Herbert Corey

"Unforeseen events... need not change and shape the course of man's affairs"



GIVE THEM THE BREAKS...PUT ON THE BRAKES

The outdoor play season for school children is starting. Right now is the time for you to take two steps to insure that none of this year's traffic accidents can be charged to you.

First, drive carefully. There may be times when heedless children will step into your path from between parked cars, when you must stop in a flash to avoid a serious or fatal accident. Even 25 miles an hour may be far too fast for safety in school and residential sections.

Second, be sure that your car is in perfect mechanical condi-

tion, ready to respond instantly to any emergency. Of prime importance are brakes. Perhaps they need tightening, equalizing, or new linings. A few dollars spent on repairs may easily save you a hundred times what it might cost in mental agony and dollars should you be involved in an accident.

* * *

Do your part in the cause of safety. Always be on the alert. Give the school girl and boy the breaks... put *on* the brakes! Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.



MCLAUGHLIN AIR SERVICE FROM NESBITT

Air View of Fair Grounds showing Perisphere and Trylon in center

New York Fair Portrays Triumph of Industry

IF THERE are any doubters left, a visit to the New York World's Fair should convince them that American business has been the vehicle which carried the discoveries of science and the benefits of machine production to the doorsteps of American consumers.

Improved building materials; better lighting; accurate record keeping; comfortable, speedy travel and hundreds of products that make ways of working easier and hours of relaxation more enjoyable will be on display as evidence that this country's basic history has been evolved from the activities of master mechanics; financiers; salesmen and technicians.

But the Fair officials were not content to show only how business has performed in the past. Their goal is to show what the future holds in store and every major exhibit will be keyed to the "World of Tomorrow." From giant multiple-deck highways to futuristic hamburgers, the visitor

LANDIS BENNETT

Street lights done in futuristic pattern

More than \$1,000,000 has been spent for modern sculpture and murals





STRIKING NEW DESIGN
with sales and production advantages. High-quality pocket binoculars housed in Bakelite Molded.

COLORFUL STYLING
for popular markets. Handsome dresser set of Bakelite Cellulose-Acetate molding material.

GEM-LIKE BEAUTY
in enduring form. Modern poker chips and case of tough, colorful Bakelite Cast Resinoid.

REJUVENATION
of established staples. Corn-cob pipe bowl encased in Bakelite Transparent Phenolic material.

RICH TRANSLUCENCY
light weight and non-shattering toughness. Beauty-product display of Bakelite Cast Resinoid.

Put new sales-winning *VIGOR* in your products ... with Bakelite plastics

HERE'S a simple, practical way to give your products "what it takes" to build new sales success! Modernize your designs with Bakelite Plastics, and you can get the benefits of new color effects, new beauty of finish, new price appeal, better performance, or other sales-winning advantages.

Read these four case histories that show how Bakelite materials help to put new products on the map or to revive sales of well-known items. They're typical of thousands in our files today.

1. In December, 1937, RCA Manufacturing Company introduced a new phonograph record player. Handsomely styled with a Bakelite Molded housing, this device later became part of the Victor Record Society Plan. In less than one year, membership in the Society has grown to more than 100,000!
2. To meet a threatening competitive situation, American Chiclet Company adopted an attractive Bakelite Molded counter dispenser. It not only maintained, but actually strengthened, the position of Chiclets in the trade!

3. Fink-Roselieve Company introduced a film-developing tank of Bakelite Molded. It not only won an immediate market at higher price than competition, but also increased sales of their developing chemicals!

4. The Pennwood Company reports that their electric clocks with plastic cases now account for 50% of their sales. One model with Bakelite Molded case outsells any other Pennwood clock by 500%!

Learn what plastics can do to help boost sales of your own products. Write today for our useful illustrated booklet No. 1, "New Paths to Profits", which shows the merchandising benefits of many different types of Bakelite plastics.

BAKELITE CORPORATION
247 PARK AVENUE, NEW YORK

BAKELITE

PLASTICS HEADQUARTERS



Get this illuminating booklet!

Here's a quick-reading, non-technical booklet that gives the busy executive a clear picture of Bakelite plastic materials and their benefits for his business. 24 pages, profusely illustrated. It explains the many types . . . shows how they are revolutionizing product design to increase sales, cut production costs.

Your product-designer, too, will find useful information in this booklet. Write today for your copy of "New Paths to Profits", and give names of others in your company who should receive copies.

Visit the Bakelite Exhibit, Hall
of Industrial Science, New York
World's Fair 1939

will be introduced to what he and his children are likely to see, wear and use in the next generation.

The \$155,000,000 exposition, covering 1,216 acres of ground which was formerly a swamp and ash heap, will be patronized by more than 1,400 exhibitors, most of whom will display their accomplishments in one of the 20 specially constructed exhibit buildings. Forty-four of the private exhibitors have provided their own buildings at an aggregate expenditure of \$55,000,000.

Distinguishing the Fair and symbolizing the World of Tomorrow will be

the Perisphere and Trylon, two steel and stucco structures that will not only contain the pattern of tomorrow's developments, but are in themselves expressions of new thought in structural design. They represent two of geometry's oldest forms, the sphere and the triangle, put to new architectural use but, like the Pyramids of another age, they may come to be recognized as indicative of Twentieth Century progress. The Perisphere is the first large building to be raised in which more than half of the 6,000 structural steel members will be curved and fitted into a top plate. The three-sided Trylon is unusual among steel tower structures because it will be sheathed with stucco rather than left open.

Theme exhibit

WITHIN the great sphere will be two moving platforms, one above the other, forming continuous moving walkways around the inner wall of the globe. From

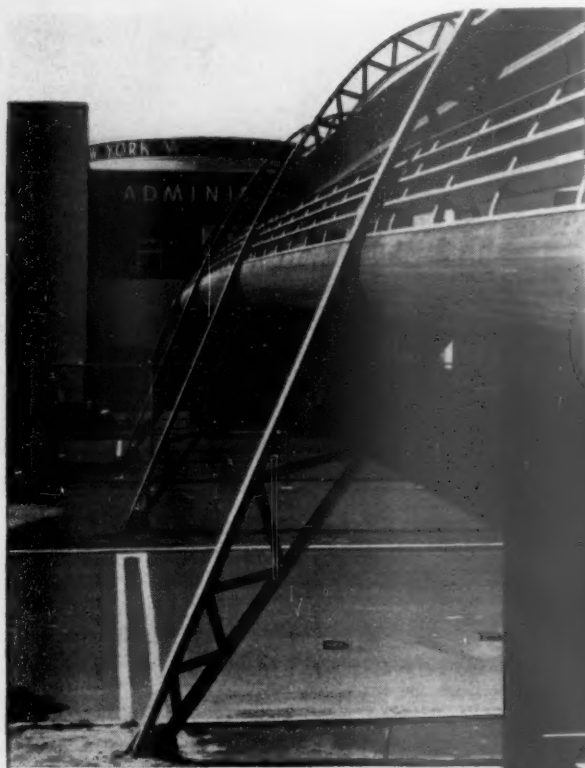
them visitors will see, above, below and around them, the Theme Exhibit which will dramatize the role of cooperation in modern civilization and depict the elements of a better World of Tomorrow.

In translating the theme of future development, individual and group exhibitors have gone to every reasonable extent in developing the ideas of their research engineers with regard to what citizens may expect to walk on, ride in, wear, eat and see about them during the remaining years of this century.

A representative example is the Glass Center where 20,000 square feet of glass block, plate glass and structural glass will be used in construction of a semi-circular building topped by 108-foot tower of blue plate glass and glass block.

In the transportation exhibits will be multiple-decked highways, a full-scale street intersection of 1960 built for safety and uninterrupted flow of traffic, models of future vehicles and a railroad pageant portraying rail history from its infancy to a forecast of what

(Continued on page 61)

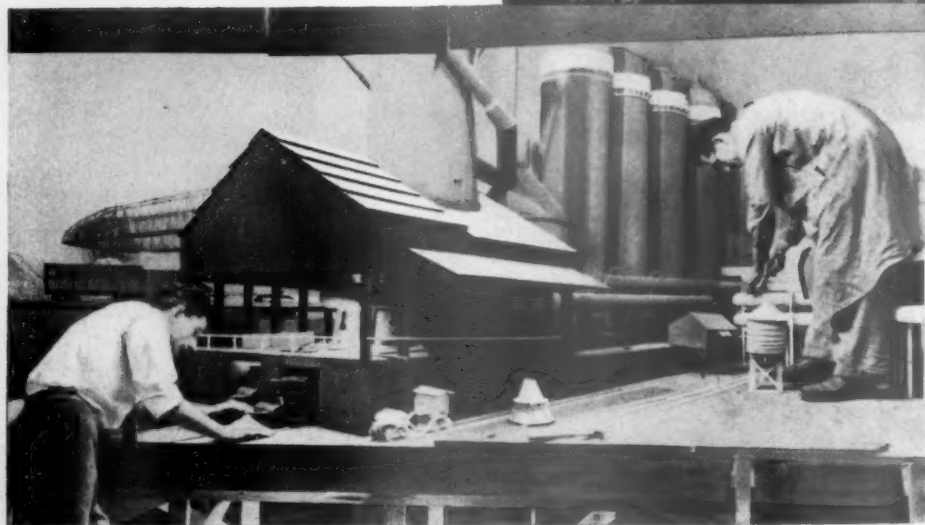


LANDIS BENNETT

New designs in architecture and possible future trends in construction for tomorrow's buildings



The triangular-shaped Petroleum Industry Exhibit is supported high above ground on simulated oil tanks



U. S. Steel Corp. will show a miniature steel plant complete in every detail and in actual operation

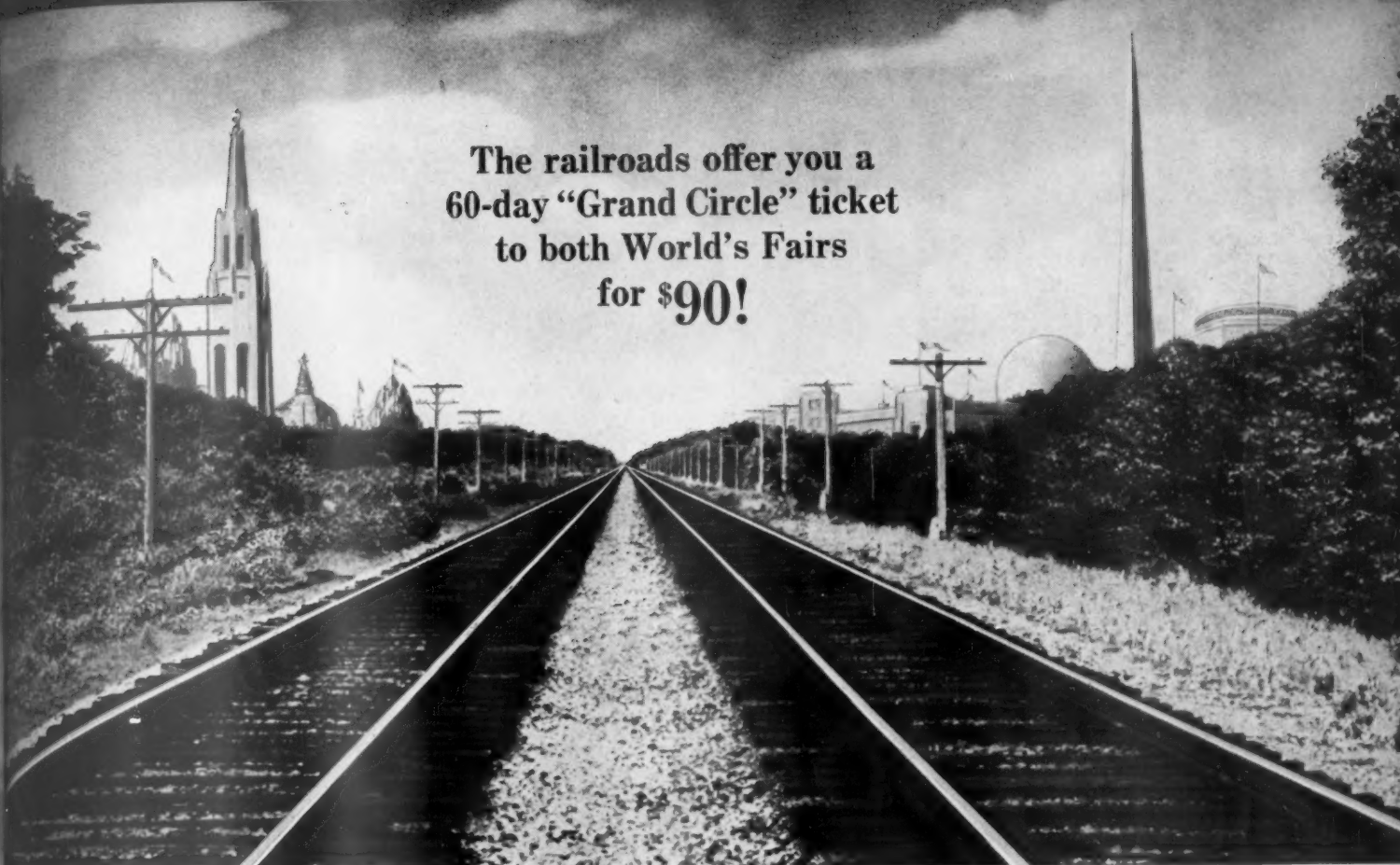
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The railroads offer you a
60-day "Grand Circle" ticket
to both World's Fairs
for \$90!



This year, plan to see America *from Border to Border and Coast to Coast!*

This land you live in is full of wonders to thrill you.

So let your imagination ramble when you plan a vacation this year.

Would you like to visit *both* World's Fairs?

Would you like to take a dip in the Atlantic *and* the Pacific oceans—or see rugged mountains snow-capped in July?

Would you like to fish in a trout stream—or the Gulf Stream?

Would you like to tread in the East and South, ground hallowed by your nation's history—see the National Parks—retrace the trails of the covered wagon pioneers—or visit spots in the West, belonging to a civilization so old it has been forgotten?

Somewhere in this nine-thousand-mile swing around the country from border to border and coast to coast you can visit the most modern cities in the world and cities quaint with old world charm—watch the gleaming rails retreat behind you through majestic

aisles of northern pines or miles of tropical trees bending under their burden of Spanish moss.

And you can do *all* these things on one flat rate "grand circle" railroad ticket, starting from your home town and bringing you back again—with stop-overs anywhere you wish—your own choice of routes—and 60 glorious days of opportunity to see America!

Travel by air-conditioned train today is so delightful that your vacation starts the moment you step aboard.

The cost? \$90 for a coach ticket—\$135 in Pullmans plus the cost of a berth. Special Pullman charges for the Grand Circle tour have also been established—\$45 for one or two passengers in a lower berth and proportionately low rates for other space.

It is truly the opportunity of a lifetime made possible by the coordination and cooperation of your railroads. Better talk it over now with your local ticket agent. He can tell you anything about this great travel bargain that you want to know.

*Equal opportunity
for all!*

On every hand you see evidence that the American railroads deliver the finest transportation service in the world—a service essential to the daily lives of everybody. And everybody—the farmer, businessman, worker, alike—is affected directly or indirectly by railroad depression or prosperity. Railroads need, and ask, no more than an opportunity to earn a living under rules, regulations and conditions which give them an opportunity to meet competition on equal terms. This is the purpose of the proposed Transportation Act 1939 now being considered by Congress.

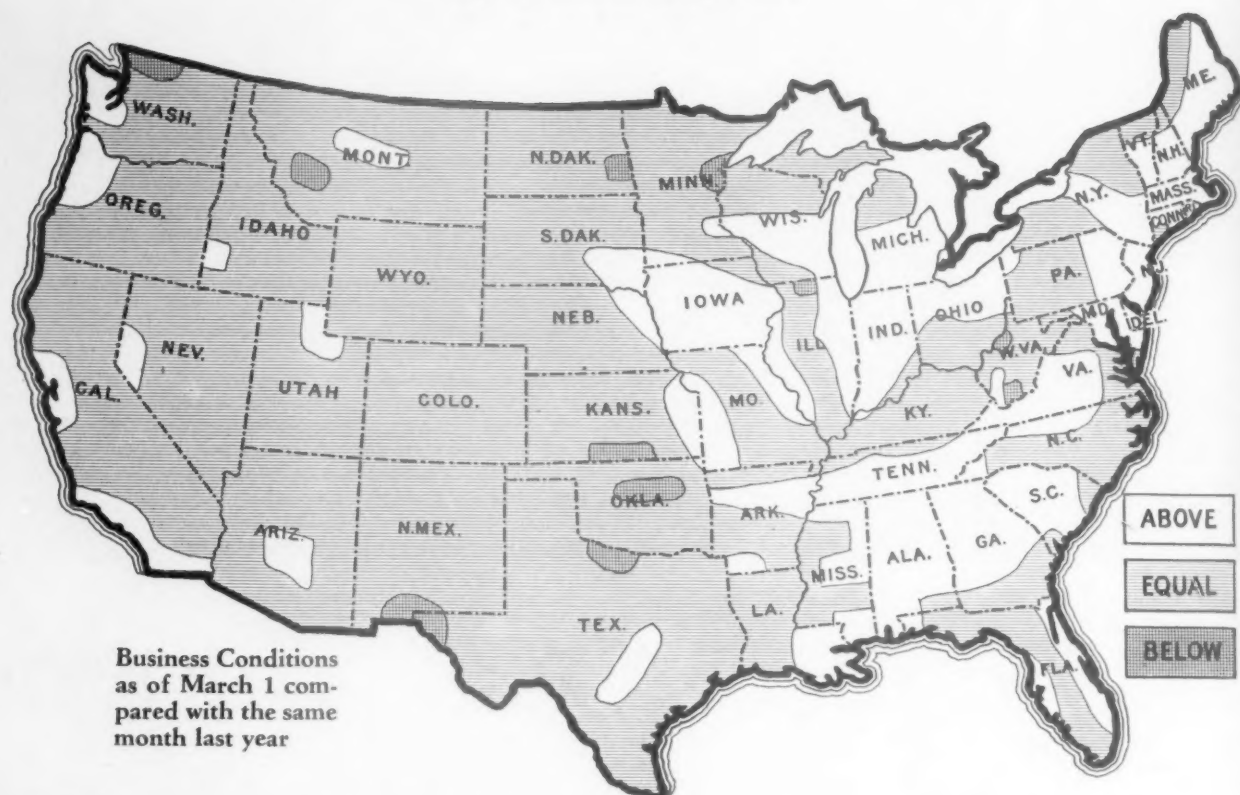
ASSOCIATION OF
AMERICAN RAILROADS

WASHINGTON, D. C.

**A FAIR FIELD.
NO GOVERNMENT FAVOR.
IN TRANSPORTATION**

The Map of the Nation's Business

By FRANK GREENE

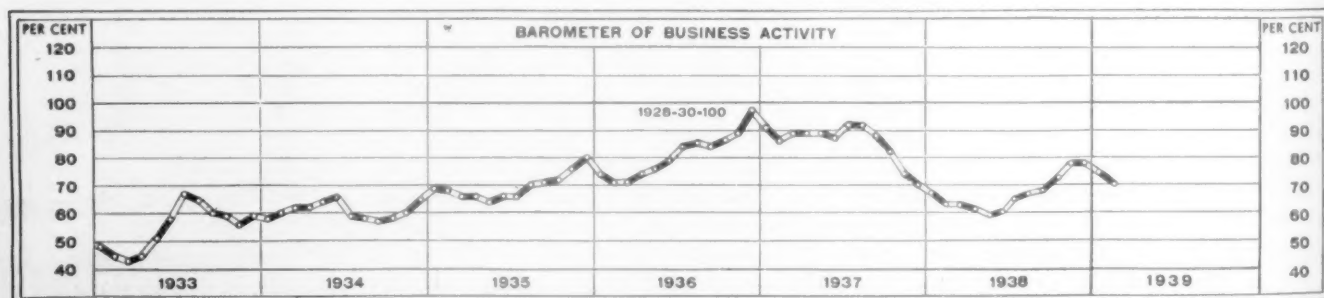
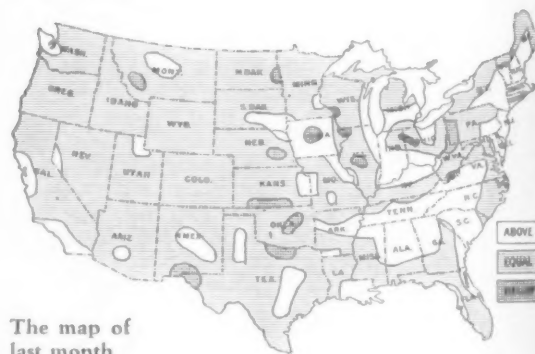


FEBRUARY industrial activity declined slightly from January but continued well above a year ago. Automobile production, although off more than seasonally, was 42 per cent ahead of last year. Armament helped to expand machine tool orders. Steel production advanced to 55½ per cent of capacity, the highest for this year, accompanied by strong scrap markets. Electric output averaged ten per cent above last February.

Engineering awards declined but the outlook for residential building remained promising. Lumber production was high. Larger purchases of railroad equipment resulted from improved position of the carriers. Carloadings were well sustained.

Commodity prices generally improved in a narrow range. Grains were steady while silk advanced to a two-year high. Wheat crop prospects were improved by reports of heavy snow cover in the Winter wheat belt. Securities prices improved slightly although trading volume was the lowest in years. Business failures decreased.

February business conditions showed little change from January, but the improvement over last year is vividly portrayed in this month's Map



Industrial production in February remained considerably above the level prevailing in the second quarter of 1938, but continued failure to show the usual seasonal upturn depressed the chart line

Business Men Say . . .



Walter D. Fuller (lower)

ACME



August H. Tuechter



W. J. Schieffelin, Jr.



S. N. Pickard

WALTER D. FULLER, President
The Curtis Publishing Company

"A real preparedness program for this country calls for an end to the sabotaging of our first line of defense. It calls for an incentive and not a punitive policy of taxation. It calls for constructive, coordinated efforts to put men and women back on pay rolls. The only war we want is a war on unemployment. The peace we want is the peace that comes to men who have found work to do and a right to dictate their own destinies. . . . It is imperative that the people of this country have faith in the institution of business, realizing that it is business and not government which provides jobs and pay rolls and improves the standard of living. Business is ready and willing to do its job. But it is too greatly handicapped to function properly. Remove the obstacles and see what happens."

AUGUST H. TUECHTER, President
Cincinnati Bickford Tool Company

"The world is indebted to the modern machine tool not only for the astounding variety and high quality of products in use today, but also for the low cost which puts these products within reach of most of us. Without mass production today's \$100 typewriter would cost \$1,000. An ordinary dollar alarm clock would sell at \$25 or more. Electric refrigerators made experimentally are said to cost six times as much as those made on production assembly. The machine tool is the keystone of mass production. Without it our standard of living would approximate that of 1840. It is a peculiar fact that there are a substantial number of corporations, each of which has a larger capital investment than the entire machine tool industry. Yet it is doubtful if any of these corporations could have attained their present magnitude or could continue to operate as at present without the machine tool."

S. N. PICKARD, President
The National Manufacturers Bank, Neenah, Wisconsin

"It must be obvious that no one can tell the story of business and finance as well as business men and financiers. The other way has been tried. We have watched the general public acquire its impressions of banking and of business operations from the mouths of politicians, the clergy, professional social workers and others, who may be motivated by a sincere desire to help but whose experience and practical knowledge appear to us to be greatly lacking. . . . I believe that we shall soon see business and financial units consistently purchasing space in publications to report upon their stewardship and to express sound thought on economic policies."

W. J. SCHIEFFELIN, JR., President
Schieffelin & Co., Importers

"As an advocate, for more than 20 years, of Fair Trade legislation, I believe that distributors of all classes must somehow come to the understanding that Fair Trade cannot succeed if it means high prices; that it will only succeed if prices are as low as possible consistent with a reasonable net profit for all involved."

**SORRY, JOE, BUT THE
COMPANY NEVER MAKES LOANS
TO EMPLOYEES!**



How employees can get cash loans for emergencies

Few wage workers can meet heavy emergency expenses—a long sickness or serious accident, for instance—without borrowing. At such times employees probably come to you for help. You want them to get the money they need—for their own good and because employees with money worries can't do their best work.

Cash credit for workers

But your company may not make loans to employees. Where then are they to borrow? Banks require collateral which wage workers seldom own, or co-makers they can't readily get. And their friends have their own expenses to meet.

To provide a source of cash credit for wage workers is the job of Household Finance. At Household responsible families can borrow up to \$300 on their character and earning ability. Repayment is made in 10 to 20 monthly installments which average only about 7% of borrowers' current income. Last year Household Finance made over 660,000 loans to families faced with emergency money problems.

More from limited incomes

To these families Household also gave guidance in money management and better buymanship, showed them how to get more out of limited incomes. Household's consumer publications are now used in more than a thousand schools and colleges.

Wouldn't you like to know more about this family money service and how it can help your employees? The coupon will bring you further information without obligation.

HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago

"Doctor of Family Finances"

one of America's leading family finance organizations, with 241 branches in 153 cities

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919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name.....

Address.....

City..... State.....

Enterprise, Reemployment, Income

A TASK of far-reaching importance now confronts the American nation. It is definite, clear cut, practical—and imperative.

It calls for the united effort of government, of business, of the people.

The job is this:

To take the American system of free enterprise and make it work—fully and completely.

It is the key—the only key—to the expansion of production, the increase of employment, the maintenance of social security, the wider distribution of goods, the improvement and advancement of the American standard of living.

What is this system of free enterprise now doing to meet these requirements?

What can it do if its resourcefulness is given full play?

What are the obstacles and restrictions that impede its progress?

How can these impediments be removed?

Business must answer

THESE are not theoretical, they are practical, questions. They can best be answered by those who, as a matter of actual experience and effort, deal with them from day to day—business men, big and little, who, in a large or small way, are directing the course of free enterprise. They are realists, not theorists. They are in a position to know, as bankers, manufacturers, distributors, producers, what ought to be done—or undone—to get free business enterprise—which is no less than democracy at work—under full headway.

This is the general objective of the Twenty-seventh Annual Meeting of the Chamber of Commerce of the United States which will be held in Washington May 1 to 4. In many respects it is the most important business meeting of its kind to be held in many years, not only because it affords opportunity for arriving at a business consensus on problems of national concern at the moment but also because every industry and every business enterprise have a direct and vital interest in their solution.

In 1929 the American system of free enterprise produced a national income of \$80,000,000,000. It has since dropped to approximately \$60,000,000,000. Why? In what respect did conditions in 1929 differ from conditions today? What has been the effect of these changes on transportation, on investment, on manufacturing, on merchandising, on agricul-

ture?

What part has governmental policy played in causing this halting of private business enterprise—by repressive taxation, by indefinite and restrictive regulation, by direct competition? How is private enterprise equipped to correct its own faults and meet its responsibilities if it is relieved of the handicaps which have been imposed with it?

These questions will constitute the framework of discussion at the general sessions, which will consider the larger aspects of business recovery, and at special group sessions which will approach it in the perspective of particular branches of trade and industry. Some of the topics are:

Thrift in Government—the necessity of curtailing public expenditures.

Industry Under Arms—the economic aspects of national defense.

Traffic and Trade—the part of transportation in recovery.

Stepping up Distribution—expanding markets.

Tax Brakes on Industry and Employment.

Putting Dollars to Work—the revival of private investment.

Labor and Management in Double Harness.

Foreign Trade and Domestic Progress. Horsepower and Man Power in Industry.

Insurance and Enterprise.

Tools for Industry—the need of capital goods.

Purchasing Power—the Wage of Production.

The views expressed, and the action taken, on these subjects at the annual meeting will have singular importance for two reasons: they come at a time when there is a more friendly public attitude toward business problems and an unmistakable desire in Congress to lessen legislative obstacles to business recovery.

Economic effects of the present world situation will be discussed at a session of the American Section of the International Chamber of Commerce held in conjunction with the American Chamber meeting.

When You Change Your Address

... please notify us promptly. Your copies of Nation's Business will then reach you without delay and without interruption.—NATION'S BUSINESS, 1615 H Street, N.W. Washington, D.C.

New York Fair Shows Triumph of Industry

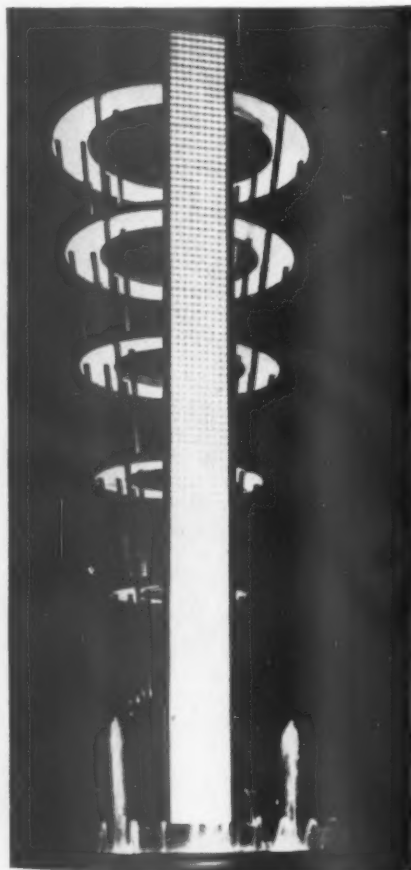
(Continued from page 54)

may be expected in the years to come.

Visitors to one of the larger private exhibits will be carried around a seven acre building in moving sound-chairs while they witness an animated map and a miniature cross-section of America as it may appear in 20 years. Another exhibitor will show an inside-out building of stainless steel with an animated diorama on the second floor which will give a glimpse of the amazing changes that will take place when science, technology and design are coordinated to the full.

As substantial evidence of industry's willingness and ability to serve the public in other ways than mere sale of its products, a large exhibit space will be devoted to illustrating industry's interest in public welfare. Among the subjects to be treated are: "World peace through world trade;" "Help the citizen take better care of himself;" "Efficiency in business through use of business machines;" "Personal loans to people of small means."

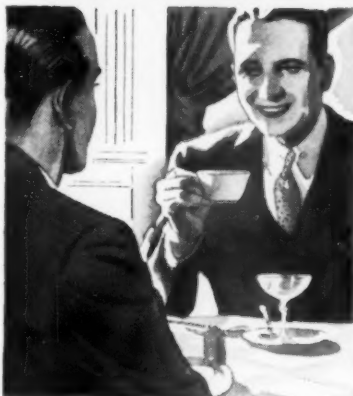
When the gates are closed on The World of Tomorrow next fall more than 60,000,000 persons probably will have seen this striking testimonial to the ability of American private enterprise to provide and plan for the future.



The Westinghouse Singing Tower of Light where water fountains will dance with lights, smoke and fireworks



I like that word "Mutual"



1. It was Charlie Brown who started me thinking about automobile insurance. I had a policy in the Lumbermens Mutual. I got such good service from my local agent that I had never even thought of changing. Then Charlie said to me, "Why do you carry your insurance in a mutual company?"



2. "Why," I said, "to begin with, I like the word 'mutual'. It means that the company is operated for me . . . to give me the best of protection and service at the lowest possible cost, not to earn a profit for someone else."



4. Later I showed Charlie my "Not-Over-50" Club emblem. "That's an organization of safe drivers sponsored by Lumbermens," I said. "This and other things Lumbermens does to promote safe driving cuts down accidents in which Lumbermens policyholders are involved."



5. "I see," said Charlie, "and the money saved because there are fewer losses to pay, comes back to the policyholders in the form of dividends. You know," Charlie went on, "I think my next insurance is going to be in Lumbermens Mutual. I like that word 'mutual' too."

LUMBERMENS losses and expenses are 15% to 25% less than those of the average non-mutual company. This money comes back to policyholders in cash dividends every year. Take advantage of this opportunity to save on your insurance. Write Department NB-1 for the free booklet "How Careful Driving May Pay You a Dollars and Cents Return" or see your local Lumbermens representative.

LUMBERMENS Mutual Casualty Company

JAMES S. KEMPER, President

Home Office:
Mutual Insurance Building, Chicago

Save With Safety in the
"World's Greatest Automobile Mutual"



DON'T ADD THEM to Your Payroll

TODAY, somewhere in this country, at the pay window in some plant, one of these twin specters will take his place and demand tribute from American Industry—the price of carelessness. These specters are fire and crime.

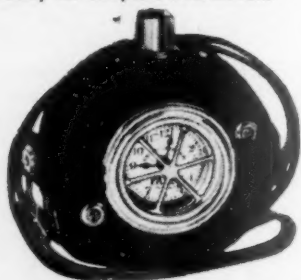
NO RESPECTERS of persons, they may be lying in wait, **NOW**, to extract their toll from your plant. Only by constant vigilance can you protect your property from their depredations.

EXPERIENCE HAS PROVED in more than 50,000 plants that the most effective protection is assured by a watchman faithfully making his rounds—supervised by a Detex Watchclock System.

A DETEX SUPERVISORY SYSTEM is so flexible in operation that it serves equally well in the small plant with a single station or the large plant with hundreds of stations—its capacity is unlimited.

REGARDLESS of what your supervisory problem may be, you will find a Detex Watchclock to fit it—exactly.

Write today for complete information.



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WATCHMEN'S CLOCKS
NEWMAN • ECO • ALERT • PATROL

MEMO . . .

for Busy Readers

1 • A club for auto safety 2 • Our income below Britain's 3 • A study of stockholders 4 • Furthering labor relations

"Not Over 50" Club Grows

MEMBERSHIP in the Not Over Fifty Club is moving toward quarter of a million mark with total at year's beginning around 230,000. Club was organized in September, 1935, by Lumbermen's Mutual Casualty Company to keep motorists within bounds of safe driving. (NATION'S BUSINESS, January, 1937.)

Background of idea was centered in increase of highway accidents and injuries traceable to excessive speed. James S. Kemper, company's president, reasoned that limit of 50 miles an hour would assure safety. In taking membership, motorist agrees to put a red arrow sticker on his speedometer at 50-mile mark and club slogan "Not Over Fifty for Safety" on car window, subscribes to a ten-point courtesy and caution creed.

Allowing for difficulty in assigning results directly flowing from spread of club idea, indirect influence has been demonstrably real and substantial. In Pennsylvania, for example, strict enforcement last year of a 50-mile limit has reduced fatal accidents throughout the state by 35 per cent. Several cities have adopted the idea by sponsoring "30-50" clubs, with 30 miles an hour the maximum figure for city driving.

Enforcement of this slogan has brought sizable decreases in fatal accidents by focusing attention on the importance of excessive speed as an accident cause. In crystallizing state and municipal enforcement activities, the Club contributed in 1938 to the saving of nearly 8,000 lives. Many letters testify to what the Club has meant to individual members.

From corporations throughout the country come requests for cooperation in organizing Club drives among employees. Many business men have learned that lost time due to automobile accidents involving their employees are causing production losses greater than those due to industrial accidents.

One of the most important values of the Club in the minds of Mr. Kemper and his associates is its help in solving the most difficult of all automobile accident problems—the problem raised by young drivers. Evidence is in hand that the Club can and does become a family affair in thousands of homes, the creed a pledge to be observed by every member.

Letters accent the value of the "Not Over 50" idea as a contribution to the nation's safety and are reason enough for regarding the sponsorship of the Club as a sound investment; also they reveal that

the good will developed has brought the company new policyholders and new friends by the thousands.

In addition, the Club has had a favorable effect on the company's losses. Test checks indicate that members have fewer accidents than non-members. As a result, the thousands of Club members insured with Lumbermen's are helping the company to cut losses and reaffirm its basic philosophy of reducing losses among those it insures and paying back to them the savings which result in the form of dividends.

U. S. Incomes and British

NATIONAL income here *per capita* was no greater in 1938 than in England. Volume of industrial production for first three-quarters of 1938, taking 1929 as 100, was 67 in United States, 111 in United Kingdom.

In the brisk and bustling twenties, average American income was one and a half times British figure. Beginning with 1933, *per capita* income on this side tumbled so steeply that average for past five years dropped below England's level.

Ten years ago income here stood at \$653 a person; in England at \$417, converting pounds into dollars at the rates of exchange then current. On those figures, the average American income was 57 per cent higher than the corresponding British income. This relation held substantially through 1932, when the American average was still 146 per cent of the foreign figure. By 1937 average incomes in the two nations had regained much of the lost ground, were virtually equal at \$500 per person.

Figures for the comparisons appear in a report "Depression and Recovery in the United Kingdom and the United States" published by the National Industrial Conference Board, New York.

The Folks Who Own Monsanto

MONSANTO Chemical Company looked into constituency of its ownership, classified holders of its shares, reported what it found in its magazine. Novelty of presentation was showing of representative activities and interests of stockholders in Cincinnati, regarded as typical community, with pictures of individuals defining cross section of stock distribution.

Monsanto's 1,291,816 American shares were held by 10,170 stockholders at time of survey. British shares, because of difference in value and small number were

not included. Thirty-eight hundred and ninety of the owners are men. Thirty-seven hundred and fourteen are women. Remaining 2,566 were classified as follows: 316 are joint owners such as husbands and wives, business partners and the like; 1,601 are estates or trusts; 34 are investment trusts; 42 are universities or colleges; 72 are insurance companies; 121 are hospitals, charitable or educational foundations; 192 are brokers who own stock as individuals or for clients who have commissioned them to buy.

Persons who might be considered shareholders, once removed, by reason of financial interests in companies or groups owning stock, included more than 25,000,000 holders of life insurance policies; more than 170,000 shareholders in investment trust groups; and additional tens of thousands of students in universities or colleges, or recipients of below-cost-service in hospitals or charitable institutions.

Cincinnatians photographed include a director of one of the world's largest chain grocery companies, a bookkeeper employed by the same company, a director in a large soap company, a chemical analyst in the laboratory of the company, a gentleman farmer, a potato and vegetable commission man, a professor and a student in the same university, a society woman, a secretary in a downtown office, a manufacturer of heavy machinery, an operator of a filling station.

E Pluribus Unum for Employers ESTABLISHMENT of San Francisco Employers Council made news in Pacific Coast labor relations. Membership includes principal business and industrial groups, as well as individual employers. Chairman of the organization committee is Roger D. Lapham. Almon E. Roth, president of Waterfront Employers Association of the Pacific Coast and of Pacific American Shipowners Association, is the first president of the Council.

New council provides means for collective bargaining by employers and employer-groups for their mutual association and cooperation in employer-employee relations. Each constituent group continues its autonomy and independence in labor relations. Each may call upon the council for advice and assistance.

New organization reflects employer experience, parallels industrial organization in Great Britain and Sweden as reported by President Roosevelt's Commission.

Specific purpose of the Council:

To encourage development of group organizations similar to Waterfront Employers, Hotel Employers Association, Association of San Francisco Distributors, and San Francisco Retailers Council; to give assistance and advice to employers not members of any group body; to become recognized spokesman for all employers whether group or individual; to assist all employers by creating a department where information and statistics as to wages and hours in different industries will be available; to promote industrial relations founded on a collective employer strength comparable to collective strength of organized labor.

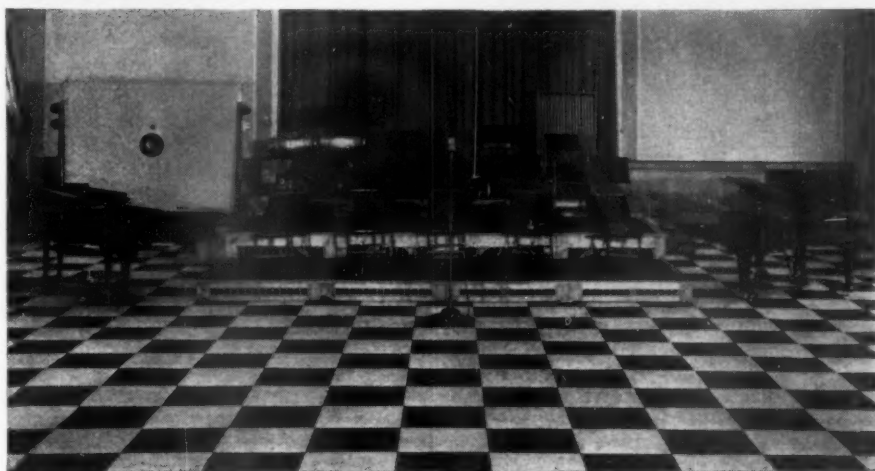
BOOSTING the nation's business



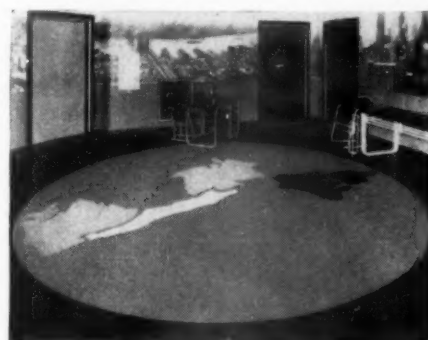
Eye-appeal important sales aid even for nation's broadcasting studios

RADIO, America's youngest industry, is also one of the quickest to adopt modern, sales-making ideas. That's why you'll find Armstrong Floors on duty in broadcasting stations from coast to coast. Floors that are quiet. Floors that are easy to clean. Floors that are comfortable to walk on. And floors that sell with showmanship.

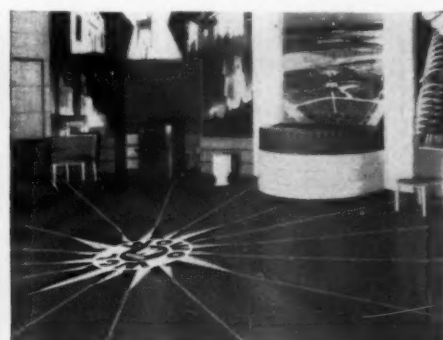
Take a tip from radio for your own place of business and make your floors attract more business. Your local linoleum merchant will give you facts and figures. So will our new book, "Better Floors for Better Business." Write for it. No charge. (Outside U. S. A., 40¢.) Armstrong Cork Company, Floor Div., 3904 Coral St., Lancaster, Pa. (Makers of cork products since 1860)



Back in 1935, Station WSM, Nashville, Tenn., tuned in on better floors by installing this special design in Armstrong's Linoleum, 24-inch blocks of contrasting Marbelle.



New York's own station, WNYC, chose a map of the city as a fitting background to a smart sales setting. The design is carried out decoratively in Armstrong's Linoleum.



Stations WOWO and WGL of Fort Wayne, Ind., dressed up their lobby with this special floor of Armstrong's Linoleum. Note the call letters in the center of the original floor design.

ARMSTRONG'S LINOLEUM FLOORS

Custom-Laid or  Standard Designs

PLAIN • INLAID • EMBOSSED • JASPÉ • CORK TILE • ASPHALT TILE • RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS



SPEEDING UP

freight shipments on Chesapeake and Ohio results from a combination of human efficiency with plant and equipment second to none. Every time-saving device and method known to modern railroading is employed to this one end—that schedule freight arrives on time at its destination.

Chesapeake and Ohio representatives, located in all principal cities, can show you how this service will save your time and eliminate your worries.

CHESAPEAKE
and Ohio **LINES**
CONTROLLED PERFORMANCE

Keeping Men Employed

By PHILIP E. BLISS

A DOWNSWING in the business cycle is always a field day for those who like to shout about the cold-blooded executives of the soulless corporations, who are cutting men off their pay rolls mercilessly and turning them out in the street.

Business men cannot laugh this off as nonsense. It touches a sore spot. Laying off workmen is not fun. It hurts.

The executive who must assume the responsibility for pay roll reductions instinctively finds himself constantly reviewing the problem, asking himself, "Is this really necessary? Must it be done?"

You know the answer. Money paid out can come only from money coming in. Piling up inventory in excess of sales is merely postponing the evil day. Layoffs are inevitable.

This is the orthodox answer. And yet the executives of our company have never been willing to accept it as entirely conclusive. What bothered us was that, although the premises of the reformers were mainly wrong, their ideals were mainly right. In theory, men should and must be kept employed.

Digging further into the subject from this point of view—and not forgetting, at the same time, that "business is business"—we uncovered factors which led to some rather unorthodox conclusions.

Losses in layoffs

GRANTED that, by a policy of layoffs with the arrival of a business downswing, a business gains liquidity, elasticity, advantage in competitive position, and other factors making for endurance and survival—what does it stand to lose?

1. It suffers a loss in industrial relations. How can the employee who is laid off at a time when jobs are growing scarcer continue to have the same loyalty to the company and retain a healthy attitude toward our whole industrial system?

2. It suffers a loss in operating organization. A group of men have been trained to work together. When a large number of this group are suddenly out of the picture, disorganization inevitably follows, with resultant inefficiency when business starts back up hill.

3. It suffers a loss through increase in production costs per unit of product. This is because certain standard items of overhead go on, regardless of number of employees on the pay roll.

What about business as a whole? A large share of American indus-

try is set up on a basis of mass production and mass markets. Mass markets depend upon mass purchasing power. Purchasing power depends upon pay rolls. Therefore when industry, at the first sign of a recession, starts to lay off men, it reduces the purchasing power upon which its markets depend. This adds to sales declines, which lead to further employment declines, which lead to further sales declines—and thus the downhill spiral is speeded on its way.

Bringing in more business

IN VIEW of these considerations, we began to wonder what would happen if, at the beginning of a recession, a business would reverse its traditional point of view toward the whole employment picture.

We determined to make this experiment the next time such a situation arose. The opportunity occurred in the late spring of last year.

Our company manufactures machine tools. By May it was evident that sales volume was definitely declining and drastic layoffs seemed inevitable.

But, instead of asking ourselves how many men must be laid off, we asked:

What can we do to keep the largest possible number of men at work?

The answer was the development of a plan whereby the recession itself served as a sales argument for bringing in business.

Turret lathes are our principal product. A great many of our customers had in their plants lathes purchased some years ago, which, we knew, needed overhauling. The rebuilding of old lathes has always been a part of our service for customers. The point was that the recession provided an excellent time for rebuilding old lathes—both from the customer's standpoint and our own. The customers could spare these lathes only when operations were low. We in turn had more men and more facilities free for this type of work than when our plant was filled with orders for new machines.

We presented these obvious facts to our customers. The response was immediate. The company received orders for rebuilding 42 old machines within the first month. Within 90 days the total had risen to 179.

Then orders for new machines turned upward. By mid-autumn pro-

duction on new lathes had again reached substantial proportions and the occasion for special emphasis upon rebuilding had passed.

Looking back, our records show that the rebuilding program accounted for 80,000 hours of work which our employees would not have had except for this plan.

Ours is a small company, as manufacturing enterprises go. The fact is that, under this plan, we were able to give reasonably continuous employment to most of our employees through this difficult period—whereas otherwise a large share of them would inevitably have been laid off.

Now, how did we come out? We achieved a distinct gain on three counts:

1. We retained and increased the loyalty of a great many employees.
2. We kept our organization intact. The moment new business came in, we were ready for it.
3. We performed for our customers a service which they much appreciated, at just the time when they could take advantage of it.

That was the result internally. Externally, of course, we added to the employees' purchasing power by 80,000 hours' pay. Of course nationally that is just a drop in the bucket. But suppose only 1,000 more medium-sized companies had been able to do the same. This would have added to the country's purchasing power by 80,000,000 hours' pay. And suppose industry in general had exerted every effort to work out an employment conservation program. In that case would there have been a severe recession last summer?

Socialistic discipline

OWING to unavoidable contingencies the recent meeting of the Russian Communist Party's Central Executive Committee was indefinitely postponed. The session was to have been held as usual just before the party congress in Moscow.

The regrettable contingency, according to the Baltic correspondent of the *Chicago Tribune*, was the unfortunate fact that a quorum of that body no longer exists. Only 18 of its 71 members are still alive and at liberty.

Nine have been shot in Joseph Stalin's purges of the past two years. One committed suicide, two have been ousted, and 37 have "disappeared" mysteriously following official calls from the Soviet secret police. Sixteen of the alternate members have been shot and 42 are listed as "missing."

Dissenters, Voltaire would have called these purgees. In this day they are mere recalcitrants.

GOOD BUSINESS NEWS

Ace Food Products Earnings Up 10% Net

Net profits for the Ace Food Products Company increased 10% during the past year, according to a statement released by that organization today.

Responsibility for the sales increase is directly attributable to the sale of accounts receivable. It has been estimated that this

A Going Business Uses Its Receivables To Finance a 500% Sales Increase

ONE year older—five times bigger in sales volume—and going strong with a 10% net profit . . . because early in 1937 the ACE FOOD PRODUCTS COMPANY* saw and answered an advertisement describing the Commercial Credit Company plan of "NON-NOTIFICATION" OPEN ACCOUNT FINANCING.

What they learned was encouraging. The plan they worked out subsequently with our assistance put them in a position to control distribution through new channels, at a higher rate of profit.

From operating one shift five days a week, they soon went to a six day week, working two shifts. Every month since, their sales volume has increased.

Within a year, their net worth was 50% greater, their outstanding receivables and sales

volume had been multiplied five times. And Profit? Last available quarterly figures showed a net 10% on sales.

Accounts receivable financing is not, as some inquiries have supposed, a last barrier against 77B. True, it has helped to put many a hard-pressed concern back on its feet. But when you analyze it, you see its greater value to going concerns.

It is the only form of commercial banking that provides cash as needed, without preliminary expense or delay, without maintenance of marginal credit balances, without surrender of credit and collection supervision, management or ownership.

If you would like "Information", write for our free booklet, "CAPITAL AT WORK". Address all inquiries to "Dept. NB."

*A fictitious name, but the facts and figures, taken from our records, can be certified.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$65,000,000



INDUSTRY, in its Southward trek, shows a marked preference for North Carolina. Here all the factors, including a mild year 'round climate, combine to insure low cost production and low distribution costs. The State is rich in raw materials. Intelligent, cooperative native workers are plentiful. Power supply at moderate rates is ample. Excellent rail facilities, ocean ports and splendid highways aid the economical distribution of finished goods to vast consuming markets (over half the country's population is within a 600-mile radius of North Carolina). Industry has always prospered here. State laws and taxes are favorable. There is plenty of room for your plant. Trained industrial engineers will supply specific information relating to your business upon request. Write Industrial Division, Room 2007, Dept. of Conservation & Development, Raleigh, N.C.



Industrial Peace Overseas

(Continued from page 22)

tight position, that they are under pressure from their members. So, the employers are tolerant and understanding. If they must send back a leader empty-handed, at least they give him a goodly array of facts to show why his demands cannot be granted.

All the larger associations maintain statistical bureaus and the central federations maintain elaborate ones. Further, the refusal is the more readily accepted because of the reputation for fairness which each association aims to develop for itself in its dealings with the unions.

Another factor which lessens the impact is that the major issues of wages, hours and overtime are settled in all countries, except Australia, in national agreements which come up only annually or biennially. Large areas of possible controversy are thus removed from the jurisdiction of local union officials.

Possibly the American employers' greatest fear is the closed shop. We look on it as the instrument for fastening an unreasonable control on industry and we feel sure that it is inevitable under more intense unionization. But that has not been the experience abroad. The closed shop prevails only in New Zealand, under their compulsory unionization.

In some of the other countries it is found in some industries by agreement, but this is unusual rather than common.

Freedom in hiring

ON THE whole, employers abroad have successfully insisted that they must retain freedom in hiring, unhampered by considerations of union membership, while in the Scandinavian countries the closed shop has been shut out by an agreement in which the employers conceded the men's right to organize and the unions' right to act for their members, on condition that the closed shop demand be dropped.

In Norway, strikingly, the central labor federation is opposed to the closed shop, because it desires to be selective in taking members. With the closed shop, it would have to take all applicants, because refusal would deny or seriously curtail a man's right to a job and a livelihood.

Obviously, in many trades in countries of a high degree of labor organization, only a relatively few non-union men offer themselves for employment, and these, when employed, are at once subjected to pressure by the union men to join up.

In exercising their rights, employers proceed with more care than if union strength were not so great. In discharging men, for example, certain precautions are observed. These include:

1. Conference with the unions when a considerable number must be let go, so that all pertinent considerations may receive attention.
2. Ample warning to men and to union

representatives when individual workers are incompetent, cannot be transferred to other work and must be discharged.

Generally, a worker may be discharged for gross negligence or open disloyalty without union protest, and no protest is made if men have repeatedly been warned of incompetence and the union representatives notified simultaneously.

Contracts are enforceable

IN ONE feature, the Scandinavian countries have a development that meets a constantly repeated demand of American employers—that labor agreements have the status of contracts. In these countries there is compulsory negotiation. In case the two parties cannot settle their differences they must meet for negotiation under the chairmanship of a government conciliator, but they are not forced to reach an agreement. They can agree to disagree and thereafter the one party may strike or the other declare a lockout.

But once they have signed an agreement, they have made a contract that is enforceable in the labor courts and against which there may be neither strike nor lockout under pain of damages.

As a rule, both the central labor and employers' federation are signatory to these contracts and the injured party may get relief not only from the association or union of the particular industry concerned but against the central federation as well.

Since both the unions' and employers' federations have large financial resources, judgments are collectible.

In the case of the unions in Sweden, there is a still further financial remedy if the workers are found to be at fault and to have caused damage: the strikers themselves may be penalized to the extent of 200 crowns (\$50) per worker, to be collected from their wages when they return to work.

Obviously, the individual employer's assets are readily attachable. These labor contracts are contracts—and the plan works.

Organization helped both sides

AS A result of this study, it is my general conclusion that the widespread acceptance of unions as the spokesmen for their members, the strong organization of both sides and the use of peaceful rather than warlike methods have benefited not only employers and employees but the national economy as well.

But it must not be concluded that complete harmony prevails. There will always be debate regarding the division of the industrial income. There will still be strikes and lockouts, probably some severe ones. But both parties have become realistic; they appreciate that they have differences, but also a common interest—continuity of production. The employer wants production—and sales;

the worker, uninterrupted wages. They have their debates, even their quarrels, but they meet, as a rule, much as fair business competitors here at home; each tries to get the most he can by decent, honorable means, but respects the other fellow and remains friendly despite the competition.

Of course, these peaceful procedures and friendly relationships did not spring up overnight. Everywhere there were longer or shorter periods of struggle when the workers' efforts to organize were bitterly opposed. But now that the negotiating era has had opportunity to show results, the attitude of employers has changed.

They are satisfied that the new methods are, on the whole, better than the warfare of old.

One cannot very well close a summary like this without asking whether it is desirable to apply these methods at home.

Just now there are great handicaps in the way of mutual confidence and closer relationships—the conflict between the A.F. of L. and the C.I.O., and both the Wagner Act and its administration. Until these obstacles are removed, rapid progress toward better relationships is hardly to be expected.

Let's avoid political rules

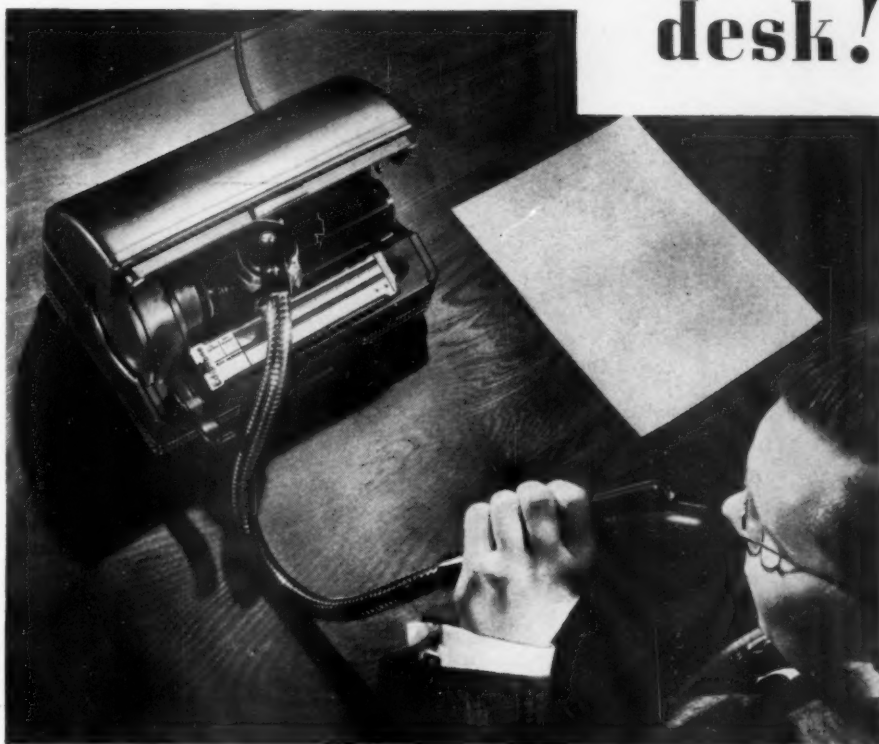
BUT once these obstacles are removed, there are considerations which would seem to impel us in the same direction that these other democratic countries have traveled. The first is that labor recognizes as never before its political power. More and more, it will seek to get through legislation what it cannot get by negotiation. Then we shall have the rules of labor relationships written, not by experts—workers and managers—but by the inexpert politician with his eye on votes. How can we expect good industrial fruit from a political tree?

The second is that business has lost the leadership which it formerly held in our national life. It will be difficult to regain. But what may not be regained alone might be won by a combination, a new industrial "front," composed of employers and workers. In other countries these groups are consulted on all manner of economic legislation, even if not directly related to labor problems. Had we had such a close relationship here isn't it likely that much of our amateurish and unnecessarily hampering legislation of the past few years would have been modified?

One other point: it is not likely that labor organization will weaken in the years to come. Rather it will grow stronger. The frontier has been closed; men who are dissatisfied in the industrial East can no longer find cheap land and other pioneer opportunities in the West.

They must stay where they are and work out their economic salvation at home. In this process, the labor union is the workers' agency. Under those conditions is it not wise to work with that agency so that it may function as constructively as possible? Our conditions, in detail, are not identical with those of other countries, but the fundamentals are the same.

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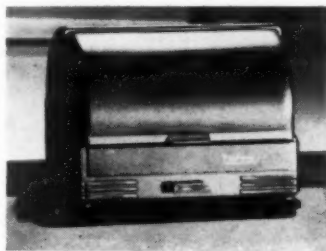
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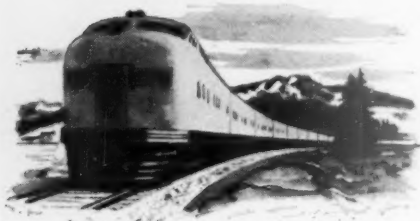
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SAY IT TO THE

Ediphone

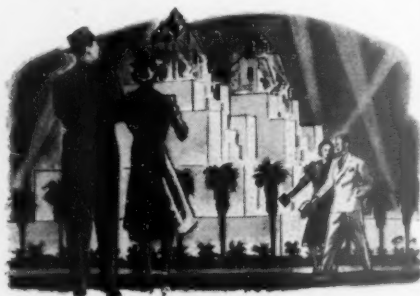
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Southern Pacific

THE WEST'S GREATEST
TRANSPORTATION SYSTEM

Foreign Trades "Unknown Quantity"

(Continued from page 19)

Paris" in 1928 the nations renounced "recourse to war" as "an instrument of national policy." When "economic war" is directed and waged by nations themselves, why not make it likewise subject to condemnation?

It is an encouraging fact that 70 per cent of the total world trade is outside the totalitarian area and on a relatively open competitive basis.

Two cost items affected by government action—wages and taxes—are of special concern in appraising the competition confronting Americans in world markets.

Over the past 25 years, wages, as an element in the cost of manufactured products, many of them going into export, have advanced much more rapidly in the United States than in many other countries. From an index of 100 in 1914 they increased to 252 in 1937 in the United States, as compared with 177 in Great Britain and 147 in Germany. What they may be in the United States two or five or ten years hence brings in again the "x" of our governmental policy, both domestic and foreign.

Examine also the item of taxes in the cost of exported products. Many of our foreign competitors, before the war, found the increasing burden of taxation, due in large part to military expenditures, a handicap in their competition with our exporters. Since the World War, and especially since 1929, however, our own burden of taxation, including both federal and local taxes, has been mounting steadily, and making the competitive position of our exporters that much more difficult. For example, it has been computed that American taxes in 1937 were 47 per cent more than they were in 1923 and 22 per cent more than in 1928. On the other hand, British *per capita* taxes were five per cent less in 1937 than in 1923 and only about five per cent more than in 1928.

Foreign arms costs are up

THESE figures are the more significant when we keep in mind the huge increases in foreign expenditures for armament in recent years. Comparing 1938 with 1932, Europe as a whole showed a 478 per cent increase in armament expenditures. Russia jumped 1,791 per cent; Germany 1,636 per cent; Great Britain 297 per cent; France 115 per cent; and Italy 94 per cent. Japan increased 782 per cent. United States expenditures over the same period rose 57 per cent—a figure now definitely on the increase.

The question of military activity overseas is, however, more than one of just added taxation. Wars and even talk of wars upset normal trade. The exporter today must scan each morning's headlines and appraise the importance of political developments. In Europe and the Mediterranean area, and in the Orient, situations of first importance in

long-range planning confront him. When his business in any area particularly threatened by war is of major importance, he is compelled not only to forecast possible damage to his investment and his established agencies in the territory, but also to answer such queries as:

Will possible economic boycotts resulting from a war in that area close markets? Will American public opinion, siding with one or the other of the antagonists in the conflict, and played up in foreign newspapers, help or hurt foreign sales? Will the neutrality policy of the United States, whether defined by statute or determined under discretion of the Department of State and the President, follow lines that encourage or discourage exports of particular products?

Doctrines affect trading

NOR can the export planner for the next decade or two overlook the "ideologies" in their influence both upon general world thinking and upon the politics of individual nations.

Collectivism, whether of the Russian, German or Italian type, has enjoyed a lot of free advertising and the farsighted foreign trader wants to know what, if any, progress it is making in the mode of reasoning and the political concepts of individual peoples and nations. He does not, as representative of an enterprise based on private initiative, want to make permanent investments in a foreign territory nor wish to spend time and effort in developing sales in a market if eventual foreign government ownership and control is to be his lot.

In this picture of governmental interposition in the normal development of foreign trade, it is much easier to diagnose the disease than to write the prescription for its cure. To break the vicious circle of increasing tariffs, discriminatory arrangements, and retaliatory measures, the efforts of our own government have placed us far and away in the lead in the effort to return to more sane international commercial policy.

The reciprocal trade agreements program of the United States has had the double effect of reducing excessive barriers to our exports and at the same time making less hostile the psychological attitude of foreign peoples toward our foreign commercial policy and our tariff policy. Naturally this program of tariff bargaining has to be pursued with caution lest it cause destructive competition within the United States and thus endanger the policy itself. Nevertheless today it stands as the main reliance of our exporters in the maintenance of their world markets.

As a nation we have championed the principle of equality of treatment. We have denounced and avoided the policy of "trade by force" and of discrimination. But it's worth a moment's reflection upon the part of the "bilateralists" and the "trade by force" enthusiasts to

add up what we as a nation could do were we to resort to arbitrary methods and impound the proceeds from our purchases of coffee and rubber and silk and newsprint and sugar—to mention a few—and then to sell abroad in “aski” dollars. We’d be putting up some powerful competition but giving our blessing to practices destructive of free competitive enterprise and international good will!

Glancing back over this quarter century of “difficult years,” it must be said to the credit of the energy of the world’s export fraternity and in proof of the indispensability of external commerce, that international trade has maintained its volume. It is estimated that the physical volume of world exports in 1938 was the same as in 1913, although the value in old gold dollars had fallen from \$20,072,000,000 to \$13,067,000,000.

What the total value of world trade might have been in the absence of the destructive influences of war, resultant depressions and governmental control is, of course, pure conjecture. But one estimate has pointed out that the annual rate of growth of the world’s export trade (due to expansion in population, industrial growth, the entry of new products into world interchange, etc.) from 1900 to 1913 was 5.3 per cent on a compound basis. Had that rate continued without interruption over the quarter-century from 1913 to 1938 the world total exports last year would have been \$72,993,000,000! Even applying to this hypothetical calculation all possible discounting, it still remains an eloquent argument in support of outlawing war and settling international disputes by pacific means.

Sinks Like a Duck

HOW WET is water? Industrial chemistry demonstrates that it may be so wet a duck can’t swim in it, or so dry you can pour it off a table cloth without wetting a thread.

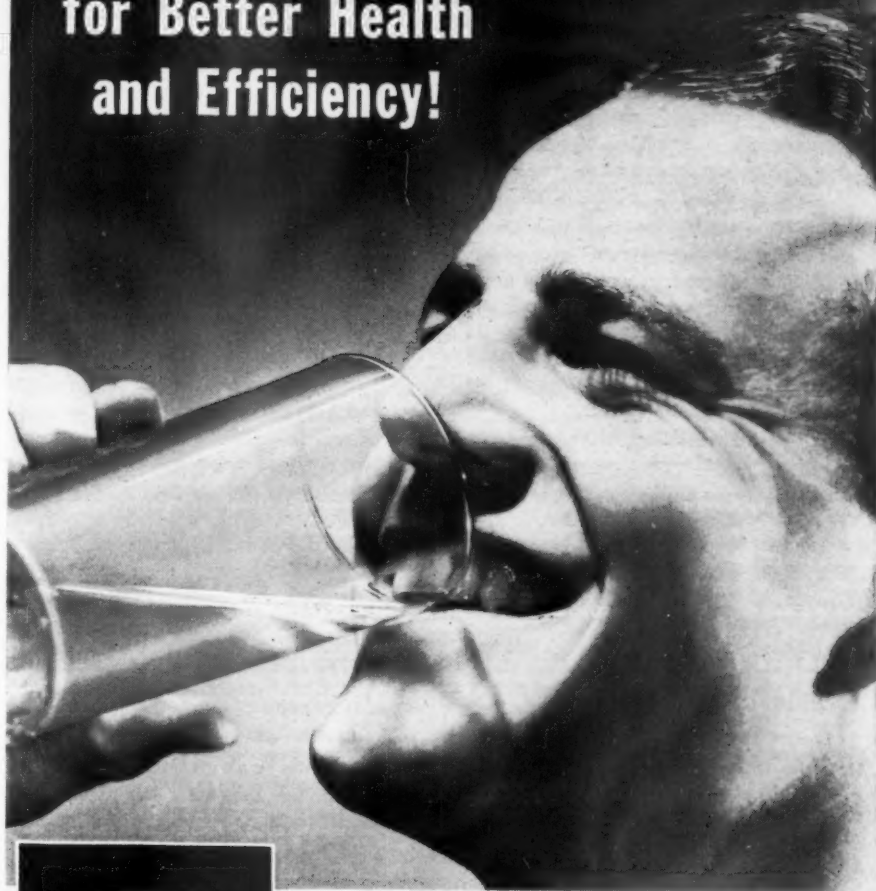
A chemistry journal published photographs of a duck swimming with traditional ease in a tank. Second shot shows a small quantity of a wetting agent being poured into the water; and the third and fourth views picture the astonished duck sinking beneath the surface until he has to be rescued from drowning. The wetting agent caused the water to penetrate the duck’s feathers and wet them.

Makers of a well known water repellent often demonstrate its properties by immersing two freshly laundered shirts in a bowl of water. They look no different to the eye but the one which has been treated with repellent sheds the water and can be worn after immersion by the most immaculate dresser.

Both products are important aids in modern textile finishing, laundering and other industrial operations.

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MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Business Taxes Exceed Profits

THE 1938 annual reports of large corporations that have been issued to date show an alarming increase in the taxes now being paid by business, and go a long way to explain why earnings and security prices have not recovered more rapidly.

The form of report followed by many corporations unfortunately does not permit a segregation of total tax payments. But in cases where such segregation is possible, the figures are staggering and make it a fair question to ask whether business today is being run for its stockholders or for the Government. The following table for five representative corporations in the industrial and utility fields indicates that, in four out of the five cases, the tax bill was greater than the net income in 1938:

Company	1938	1938
	Net Income	Tax Payments
American Tel. & Tel.	\$155,543,144	\$147,400,000
Bethlehem Steel	5,250,239	13,183,148
Consol. Edison of N. Y.	34,893,619	51,353,569
Johns-Manville	1,455,302	1,474,664
Public Service of N. J.	22,733,245	22,991,120
Total	\$219,875,549	\$236,402,501

Taxes paid by A. T. & T. last year were \$53,000,000 greater than in 1935, a jump of 65 per cent in three years. The taxes paid in 1938 were equivalent to \$7.54 a share on the company's common stock. They were equivalent to 14 per cent of the bills paid by each telephone subscriber, or 80 cents per month per telephone.

Consolidated Edison of New York in 1938 paid 51 per cent more to the Government than it did to its own stockholders. Taxes paid by the company accounted for 58 cents of the \$2.56 monthly bill paid by the average residential consumer of electricity, and were equivalent to \$14.23 per meter. Taxes consumed 21 cents out of every dollar of revenue the company received, amounted to \$1,329

per employee, and were equivalent to 61 per cent of all wages paid during the year.

In 1928 Johns-Manville earned \$5,589,000 and paid taxes of \$912,000. In 1938, earnings were \$1,455,302 and taxes \$1,474,664. There you have the story—taxes in 1928 were 16 per cent of earnings; taxes in 1938 were more than 100 per cent of earnings.

Money a Drug On the Market

THE TREASURER of a corporation located in New York recently told his board

of directors that, because of the low rate of current business, the company had \$500,000 of excess funds for which it had no immediate use. He recommended that this idle cash be put to work to produce some income, but stressed the fact that investment in stocks or long-term bonds could not be considered because it would subject stockholders to investment losses that were not properly a risk of the business.

"Why not place it in time-deposits with our banks?" suggested one director.

"The New York banks," replied the treasurer, "are paying only one-quarter per cent on time-deposits. On that basis, \$500,000 will produce only \$1,250 annually."

"How about commercial paper?" asked another director.

"Best-name commercial paper," answered the treasurer, "sells to yield about one-half per cent. Bankers' acceptances, 30 to 90 days, yield about the same."

"What about Treasury bills?" suggested a third director.

"The discount bills, which pay no interest, are selling at a discount of only 3/100ths of one per cent," laughed the treasurer. "U. S. Treasury Notes, on all maturities up to 1941, actually yield less than nothing! Their price is based on the hope that upon maturity they will receive a profitable subscription privilege."

BIG BUSINESS—NO. 14



The Utility Log Jam

ORDERS for new construction and equipment in the electric utility industry averaged only 248 millions annually in the five years 1933-1937. This represented a decline of 70% from the average annual expenditure of 818 millions in the five years from 1926 through 1930.

This sharp and long-sustained decline in utility construction is a matter of serious concern, not only to the utilities themselves, but to all American business. The utility industry is normally one of the best customers of the heavy goods industries, and its inability in recent years to proceed with its much needed program of expansion and replacement

has had a seriously depressing effect on many other lines of business. An increase in the expenditures of utility companies would bring great benefit to the very industries in which the greatest problems of depression and unemployment are now centered.

There has lately been evidence that some of the controversial problems which have restricted normal expansion of utilities can eventually be solved. Nothing could be more constructive from the standpoint of the country as a whole. Breaking the log jam in the utility field should release a flood of delayed construction which will lead to further business recovery and increased employment.

*As bankers for industry, and as trustee for the funds of others,
it is part of our responsibility to contribute something to a
better understanding of the facts about private business.*

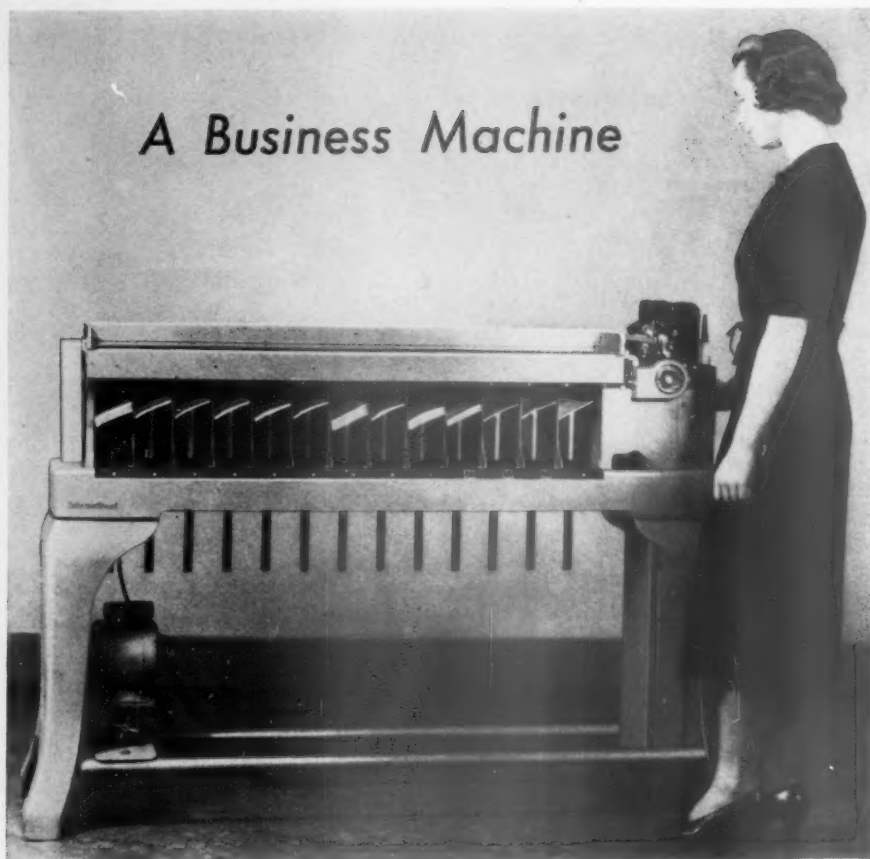
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If the American system of free enterprise is to survive, it must be made to work—fully and efficiently. It is the key,—the only key, to the solution of major national problems.

How can the resourcefulness of this system be given full play? What obstacles impede its progress? How can these impediments be removed?

These and other questions will be weighed at the **Twenty-seventh Annual Meeting** of the Chamber of Commerce of the United States in **Washington, May 1-4.**

You are invited to share in this all-important undertaking, to discuss these questions in the light of your own experience. Will you help?

The 1942 Treasury Notes yield only about one-half per cent."

"Half a million dollars of cash," wailed one of the directors, "and the income from it will just about pay the salaries of a couple of file clerks!"

Uncle Sam, Banker

"YOU HEAR a lot," said a commercial banker recently, "about the Government competing with business. But the competition that business gets from the Government is nothing compared with the competition that banking gets. Government penetration is probably greater in the banking field than in any other. And it's increasing all the time. The latest proposed expansion of Government banking is Senator Pepper's bill to establish Government-owned regional industrial banks to supply additional credit and capital facilities to American business. Moreover, many of the Government lending agencies that began on a temporary, emergency basis are now being continued beyond their originally contemplated life. The Export-Import Bank and the Commodity Credit Corporation have just been extended for another two years.

"I have undertaken some investigation of this matter," the banker continued, "and find that there are 43 Government lending agencies with capital funds of almost \$4,000,000,000. Their outstanding loans total more than \$11,000,000,000, which is equivalent to more than 50 per cent of the total loans and discounts of our entire banking system."

What? Another Pipe of Peace?

A BANKER and an investment dealer, who were lunching together, were discussing the Administration's latest efforts to make friends with business and Wall Street.

"I detect in it," said the banker, "a strong odor of politics. I regard it as a last-minute bid for the support of business men in the 1940 election.

"It was all timed too nicely," he continued. "First the T.V.A. comes to terms with Mr. Willkie. Then Mr. Eccles issues a statement about the need for increasing the flow of capital into private business. Then Mr. Morgenthau, reversing his former opinions, talks about the probability of tax reductions to encourage business expansion. Next we hear of the Administration's sudden willingness to consider revision of the Securities Act and the Securities and Exchange Act. And finally Harry Hopkins says

that reform is over and offers the olive branch to Business. Why the sudden and simultaneous change of heart all through the Administration? I've heard it all before."

"The reason," replied the bond dealer, "is that even the most ardent New Dealers now realize that you can't run a capitalistic economy without new investment. New money is not being invested, and without new enterprise, our entire economy stagnates. Less than \$500,000,000 of the new issues registered with the S.E.C. last year were for new capital purposes. Why, the railroads alone used to spend half again that much for new construction in a good business year."

"If the Administration will really stop destroying private investments through government competition, eliminate or reduce further the capital gains tax, do away with ridiculously high surtax rates that drive big fortunes into tax-exempt securities, facilitate new capital issues by simplifying registration procedure, and make a serious effort at government economy, most of their troubles will vanish."

"Maybe this time they have really discovered that nothing in the world is as timid as \$1,000,000."

Free Service to Investors

BROKERAGE and investment houses, suffering from the current low volume of investment business, are finding it difficult and costly to give their customers the amount of free information and advice to which they have become accustomed.

One broker, who recently received from a small client a request for statistical information on a stock he had bought several years ago, wrote back:

Dear Mr. ———,

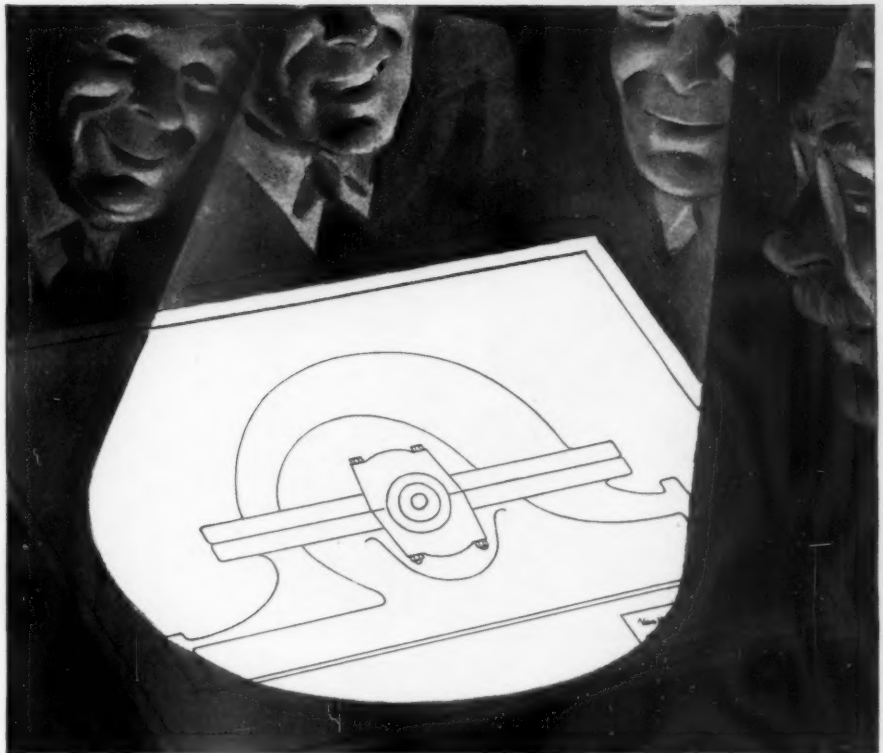
We have received your request for statistical information regarding your holding of ——— Corporation stock.

Our records indicate that you purchased that stock through this firm five years ago. Our commission was $\frac{1}{4}$ of a point on 25 shares, or a total of \$6.25. For that commission we supplied you with statistical information at the time of your purchase, executed your order, opened an account on our books and arranged delivery of the stock.

It does not seem to us that the compensation of \$6.25 was at all excessive for the mere execution of the order. But our records also indicate that since the date of your purchase we have furnished you—at your request and without further compensation—no less than eight different reports on the latest developments in the affairs of the corporation in question.

The commission we received covered merely brokerage service and did not entitle you to a permanent call upon our statistical department for continuing information and advice free of charge.

We shall be very glad to prepare the



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Revision of the Securities Act

THERE NOW seems some hope of bringing about a sensible revision of the Securities Act and the Securities & Exchange Act, two pieces of legislation which, in their present form, have stifled the capital markets, to the detriment of the country as a whole. The S.E.C. is understood to be willing to consider certain changes, but wants the recommendations to come from the financial community, rather than from the Commission itself.

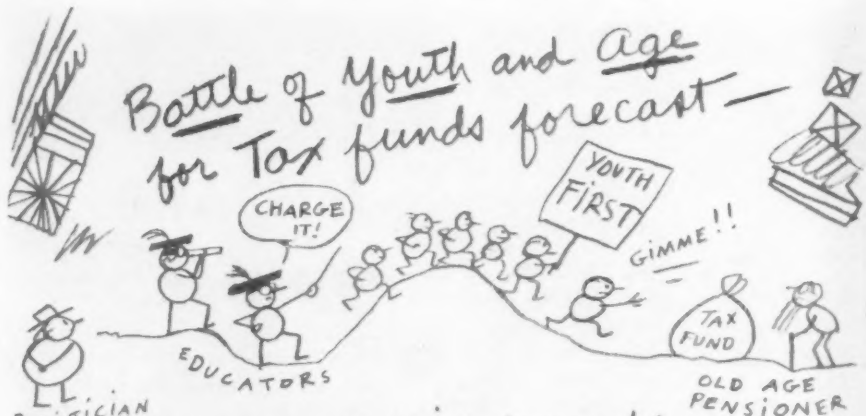
The Investment Bankers Association is expected to issue its recom-

mendations soon; and the New York Stock Exchange recently appointed a committee to study the subject and suggest legislative changes. The latter committee has invited other exchanges throughout the country to cooperate with it. Various other groups are also reported to be preparing suggestions.

No responsible financial group is planning to recommend repeal of security legislation, for nearly everyone feels that its general purposes are sound. The objections are only to certain provisions of the laws and the methods of their administration.

There seems almost unanimous agreement that the provisions on manipulation and pegging of prices should be clarified. No one can be sure of interpreting them correctly as they now stand. Simplification of regis-

From a Business Man's Scratch Pad . . . No. 36



Educator says Pension demands drain money needed for schools!

Engineer sees future cities of glued Houses!



Too many Holidays?
12 out of 301 working days
cost Nation \$2,400,000,000.
Abolish holidays and put
money into old age
security fund says observer!

HERE LIES
OLD TIMOTHY HAY
WHO NEVER TOOK
A HOLIDAY
HIS SECURITY CARD
HE HELD WITH CARE
LET'S SEE HIM
CASH IT OVER THERE

tration procedure is also desired in most quarters. The procedure is now so complicated that the registration statement on one issue comprised a stack of pages as high as a man's shoulder. Many bankers feel that the registration statement and prospectus could be combined.

There is also strong feeling that the present 20-day period of registration should be shortened. Many deals now fail to materialize because of the long lapse of time between the date of filing and the final effective date of the registration, during which market conditions may change radically.

Many bankers feel that the provisions on purchase of securities by so-called "insiders" are now depriving corporations of normal support for their securities by informed buyers, and there is also strong support for reducing and clarifying the liabilities of directors in connection with new issues. Many directors are now unwilling to assume present liabilities.

Simplification of rulings is another thing that will probably be sought. To date there have been more than 6,000 "releases" in connection with these Acts, on all of which investment people are supposed to be posted. Bankers and brokers would also like relief from the burden of the highly complicated and detailed records they must now keep, and the endless questionnaires they must now fill out. Registration of all issues, even those that are privately offered, will probably be recommended.

Funny Money

ECONOMISTS in the financial district who follow foreign affairs closely have felt

for some time that Germany's economic situation is far more desperate than is generally supposed. There was great interest, therefore, in recent reports from London which indicate that Germany is so hard up for exchange, she is apparently conspiring in a bootleg operation in her own currency.

According to the *London Economist*, brand new Reichmarks, in the wrappers of the Reichbank itself, have appeared recently for sale in London in large quantities. They have been offered at prices ranging from nine to 11 cents per mark, an enormous discount as against the cable rate of 40 cents, and very cheap even when compared with the rate of 22 cents for "Travel Marks," one of Germany's many classifications of currency. Because of the close control of exchange operations, it is inconceivable that this could be taking place without the knowledge or approval of the German Government.

Sally Sails West

...TO THE
FAR EAST



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2. Hardly an hour passes but they give me some little unexpected service...and what grand deck sports and parties!



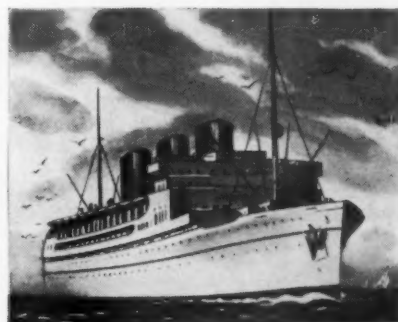
3. Then Hawaii...where I'd always dreamed of going. A whole day ashore there, swimming, sightseeing...and I loved it.

Once "*Go Empress*" and you'll agree with Sally in her delight over these great liners. Their service and cuisine are renowned on the Pacific. Frequent sailings from Vancouver and Victoria in Canada's Evergreen Playground. Or connect at Honolulu from California. See your travel agent or any Canadian Pacific office in the U. S. and Canada.

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COMPLETE WASHROOM SERVICE
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Can We Go on Mortgaging the Future?

(Continued from page 16)

flourished under such procedure. It was not through deficit financing that England pulled out of the great depression but, on the contrary, by rigid balancing of her budget. It was not through increased government deficits that this country recovered from the depression of 1921, but rather by reducing expenditures and lowering taxes.

Proponents of unbalanced spending earnestly maintain that it was not natural economic forces that brought about the upswing from the depression of 1933, but rather government spending and government measures. As a matter of fact, economic recovery from the depression so much in evidence in 1932, was halted in the fall of that year, but was resumed and attained its greatest rapidity shortly after the new regime came to office, and before the policies of deficit spending and excessive experimentation had developed. If it was contraction of government deficit spending that brought about the slump of 1937-38 it would seem clear that business activity developed by such spending is dangerously short-lived.

More income requires more work

AS A matter of fact, increase in the national income depends upon the more active functioning of all industry and agriculture, all along the line.

Of course, government spending of the deficit dollar results in some business activity, but government spending may prevent the spending of two or three dollars or more by private individuals or agencies.

Moreover, the total business activity depends in large measure upon the effect of the sum total of all government measures and policies. More important than spending policies are policies making for peace in labor relations, for adjustment of the great difficulties of the railroads and of the public utilities, and for a general atmosphere which would be favorable to business development and expansion. Deficit spending obscures the need of such policies.

Under the terminology of the new theory, the Government is not spending but is investing: the disturbing word "spend" is stricken out and the comforting word "invest" is substituted. It is suggested that, in accordance with recognized business practices, the Government can place upon a balance sheet many items resulting from outgo, and show that what appears as a deficit is really a surplus.

No such comfort as to the state of the federal Government's finances is warranted by the business analogy. All that justifies a business man in recording an asset in his balance sheet is the idea that, in some form or at some time, the item will turn into cash either through sale or the production of earnings—cash that can be used to pay bills and reduce debt.

However desirable it is to have court houses, roads, parks, and the like, these do not answer the test of assets in the business sense.

They will not turn into cash and produce income. Generally, they produce further expense.

The table contained in the President's budget message sets forth that, as against a total deficit of more than \$27,250,000,000, some \$16,000,000,000 will be represented by such assets. The items which may possibly be collectible appear to total a little more than \$3,000,000,000. So far, all collections made have simply been swallowed up in expenditure.

Investments on margin

EVEN assuming that a much better case can be made for federal investment than seems to appear, we cannot be blind to the great danger of making even what seems to be sound investments with borrowed money. Many a private citizen, who looked upon himself as an investor but who had made his investments on credit, awoke after 1929 to find himself ruined.

How can government financial plans be regarded as sound if based upon continued borrowing on the assumption that national income will increase at some relatively distant dates which cannot even be estimated and which may never come?

We are urged not to worry about the government debt because, after all, it is mostly owed internally—that is, to people of the United States and not to those of other countries. The idea is that, if this debt is not really paid, it would not matter because, as the people, we would have the same physical things, the same economic plant, and life would go on as before.

Repudiations hurt economy

TO GET to talking about the national debt as if it does not need to be paid is certainly a danger signal. Any process of repudiating the debt, whether by inflation or otherwise, would destroy the results of individual thrift and prudence and weaken the springs of all economic effort.

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 93

A cash dividend declared by the Board of Directors on March 15, 1939, for the quarter ending March 31, 1939, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on April 15, 1939, to shareholders of record at the close of business on March 31, 1939. The Transfer Books will not be closed.

D. H. FOOTE, Secretary-Treasurer.

San Francisco, California.

Repudiation would for a time at least wholly upset the economic machine and would probably lead, as it did in Germany, to a degree of government intervention in the daily affairs of the people that is wholly inconsistent with the maintenance of our liberties.

We have been told very positively that the government debt is not too great because the aggregate of the debt, public and private, is no more than it was in 1929.

Assuming that to be true, it is hard to believe that it could now be maintained that the debt total in 1929, just before the depression, was safe.

The amount of that debt has been supposed to be one of the chief causes of the depression. It is also true that the same total of debt is now a relatively heavier burden upon the lessened national income. It is also true that the tax burden back in 1932 was but about 12 per cent of the national income in contrast to more than 22 per cent now, with an additional 5½ per cent for what is borrowed.

Today a much larger proportion of the debt is debt of the government itself. We are relying far more heavily on our last line of defense.

Expenditures beyond reason

GETTING away from formula and down to fact, the striking consideration is that expenditures of the United States Government have been pushed up in peace times to the \$9,000,000,000 level. The Administration has declared that the level cannot be materially reduced.

On the contrary, it appears that, under present doctrines, expenditures are likely to be continually increased.

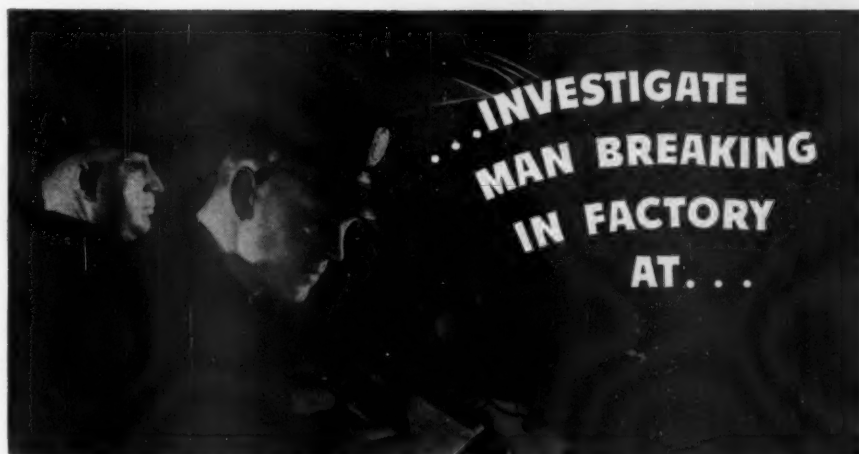
We are now told that we can safely keep on spending billions of borrowed funds in the hope that the national income and the Government's revenues will increase.

We can all agree that we wish to have the unemployed kept from want; that we wish the farmers' special needs to be met; that old age security must be cared for; that government is more expensive and costly than it used to be.

Yet the fact remains that continued deficit financing makes the whole conduct of national affairs a great gamble—gambling far more serious than the private gambling of the late '20's. Then at least we had a relatively strong government position to fall back upon. As matters stand now we have no guiding principle for the sound conduct of government finances—only a vague hope that the easy way may prove to be the safe way.

Tackling real reduction of expenditures will take immense courage and resolution. It is no partisan matter. The virus of easy spending spreads everywhere.

To promote the idea that we do not need to worry about spending and deficits is not a humanitarian service, but the reverse. It will be true in the future as in the past that, in the end, spending in excess of revenues produces chaos and threatens our form of economic life and the liberties which depend upon it. To destroy that conviction is to invite disaster.



Free Book Tells How the Right Fence Can Save You Money—send for it!

BURGLARS, marauders and trespassers leave property alone when it's protected with sturdy Cyclone Fence. They know it's hard to get by this tough barrier—and that the getaway is blocked.

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Good property protection fence increases property values and protects them. Write us for information. Estimates furnished free by our engineers.

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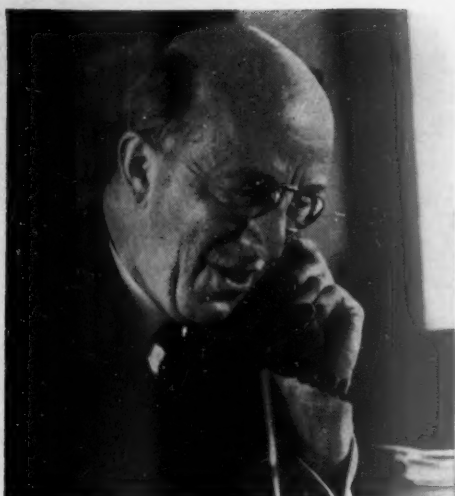


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UNITED STATES STEEL



Philip L. Thomson

Leaders in the March of Business



G. H. Jones, L. E. Block and P. D. Block



Mayor Schroy and Paul W. Litchfield

PHILIP L. THOMSON, director of public relations, Western Electric Company and president of the Audit Bureau of Circulations, was awarded a gold medal for his distinguished services to advertising. The award is the top individual honor for 1938 granted by the Jury of Advertising Awards which was founded by Edward Bok. Since 1935 the awards have been sponsored by *Advertising & Selling Magazine*.

Paul W. Litchfield, president, Goodyear Tire & Rubber Co., whose company staged a giant celebration and homecoming in honor of the 100th anniversary of the discovery of vulcanization by Charles Goodyear. More than 2,100 company representatives from all over the world attended. In the course of the ceremony, president Litchfield was the recipient of a life membership in the National Association of Foremen for his outstanding record in personnel work and the training of men.

P. D. Block, president, Inland Steel Company, whose fifth blast furnace, recently completed, provided the finishing touch to a new construction program started in 1930. During the past year Inland completed a new 44 inch continuous strip mill which can roll a mile of steel a yard wide in two and one-half minutes, 59 new-type coke ovens and five new open-hearth furnaces, which increased steelmaking capacity 18 per cent.

Joseph W. Frazer, active in the automobile industry for 26 years, left the Chrysler Corporation where he had been vice president and sales manager, to become president of Willys-Overland Motors, Inc. He will assume responsibility for sales, manufacturing, engineering and development.

Francis J. Gilbride won promotion to presidency of the Robins Dry Dock & Repair Company. He joined the old Brooklyn shipyard as a rivet boy 40 years ago. Typical of work supervised by Mr. Gilbride was reconditioning of the old liner *St. Paul* which sank at a New York pier in 1918, and was left lying on its side in the mud for five months before his crew raised and made a virtually new ship out of it.



Joseph W. Frazer



Francis J. Gilbride

A Mutual Company, Founded
on April 12, 1845.

NEW YORK LIFE

Incorporated under the Laws of
the State of New York.

INSURANCE COMPANY



THOMAS A. BUCKNER
Chairman of the Board

51 Madison Avenue, New York, N. Y.

ALFRED L. AIKEN
President

A BRIEF DIGEST OF THE 94th Annual Statement

DECEMBER 31, 1938

Payments to policyholders and their beneficiaries during the year 1938 amounted to \$201,494,937. Of this total, \$131,804,103 was paid to living policyholders and \$69,690,834 to beneficiaries.

Total payments to policyholders and beneficiaries during the past ten years exceeded \$2,147,000,000.

New insurance during the year amounted to \$422,817,500. Total insurance in force at the close of 1938 was \$6,793,826,309 under 2,828,765 policies.

The Assets on December 31, 1938 amounted to \$2,647,454,712. The principal item of the Liabilities was the Insurance and Annuity Reserve required by law, amounting to \$2,159,527,400. Also included in the Liabilities are a reserve of \$41,569,539 for dividends to policyholders in 1939 and a Special Investment Reserve of \$45,000,000. Surplus funds reserved for general contingencies amounted to \$124,555,211.

ASSETS

Cash on Hand, or in Bank.....	\$50,466,059.12
United States Government, direct, or fully guaranteed Bonds.....	626,759,519.45
State, County and Municipal Bonds	252,459,640.75
Canadian Bonds.....	64,567,067.95
Railroad, Public Utility, Industrial and other Bonds.....	583,416,306.92
Preferred and Guaranteed Stocks...	87,745,048.00
Real Estate Owned, Including Home Office First Mortgage Loans on Real Estate (Including \$698,364.35 foreclosed liens subject to redemption).....	135,450,673.37
Policy Loans.....	436,091,057.66
Interest and Rents due and accrued	349,262,979.85
Net Amount of Uncollected and De- ferred Premiums.....	29,880,864.05
Other Assets.....	31,335,538.18
TOTAL.....	19,956.31
	\$2,647,454,711.61

Securities valued at \$38,738,698.21 in the above statement are deposited as required by law.

A more complete report listing the securities owned by the Company will gladly be sent upon request.

LIABILITIES

Insurance and Annuity Reserve....	\$2,159,527,400.00
Present Value of Amounts not yet due on Supplementary Contracts.....	127,972,335.45
Dividends Left with the Company at Interest.....	113,087,924.11
Other Policy Liabilities.....	15,761,712.71
Premiums, Interest and Rents Pre- paid.....	11,529,650.32
Miscellaneous Liabilities.....	3,572,265.52
Special Investment Reserve.....	45,000,000.00
Reserve for Taxes.....	4,878,673.66
Reserve for Dividends payable to Policyholders in 1939.....	41,569,539.00
Surplus funds reserved for general contingencies.....	124,555,210.84
TOTAL.....	\$2,647,454,711.61

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President

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National Broadcasting Company

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Over 50% of all rooms \$3.50 or less, single;
\$5.00 or less, double

There's More to Moving than Motion

(Continued from page 36)

"The rooms of the old house were enormous, and the furniture equally massive," said the mover. "The dining-room drop-leaf table, of cherry, had leaves that made it open to a length of 16 feet. The cherry sideboard, which was studded with bullet-holes, required eight men to lift it into the van. There were 100-year-old serving-tables, chairs with hand-made rush bottoms—everything a collector's item."

Old costumes carefully saved

OTHER Americana came to light in the same warehouse when the company bid in several trunks, stored for 20 years. Costumes of the 18th century, complete with fans and handkerchiefs, were uncovered, each wrapped in tissue paper and labelled with care, thus: "Dress worn by Great Aunt Sophronia to the Revolutionary ball in Philadelphia, in 1778." The trunks were kept intact, and members of the family eventually paid back storage charges and claimed their historic inheritance.

For all its plain, unadorned walls, almost anything can happen in a warehouse!

"One of my men," a man in the storage business told me, "cut his finger while brushing a davenport that had come in for storage. Something back of the cushions had done it—a little object with razor-like edge that turned out to be a square-cut diamond."

"When I phoned to ask the owner if she had lost a diamond, she was amazed.

"A diamond? Why, not recently!" she cried. "But two years ago I lost a lovely big square-cut diamond out of my engagement ring! We hunted for days—don't tell me!"

This was one time, at least, that the warehouse owner could provide a happy ending. But most of the stories of which the warehouseman sees a few chapters remain unfinished as far as he is concerned. Why, for instance, did one man rent a room in an eastern warehouse at a cost of \$8 a month for no purpose except to store newspapers? After he had filled one room, he rented another and almost filled that. At his death the executors sold the paper at one-half cent a pound, and realized nearly enough to pay the last month's storage bill.

"One of our unclaimed lots consisted of ordinary furniture and about 75 suit-boxes, tied with string," one warehouseman related. "When the boxes were opened, they contained—precisely nothing. Over the years, the owner had been paying good money to store cardboard, string and air!"

"But why?" I asked.

He laughed. "Your guess is as good as mine. You can't keep on wondering about things like that in this business, or you'd go completely balmy."

"Take these stories that one of my competitors tells. He has a customer who has stored an empty piano box for 53 months, at \$1 a month. And one



"I'm afraid we'll have to let that new secretary go, J. B. She worked me like a dray-horse all day."

shipment, that was later bought in for unpaid charges, consisted of two trunks filled with empty and partially emptied paint cans and old brushes."

Unclaimed storage brings many a strange incident to light. The legal process regarding stored goods with unpaid charges is generally the same in all states.

The goods must be held in the warehouse for three months. Then the firm must notify the owner at his last known address, by registered mail, with the itemized account. After ten days, the company advertises the sale twice in local newspapers. Only after 15 days from the first publication is the sale of unclaimed goods possible. Anyone, including the owner, may bid. But since it is sold only in entire lots, the company often bids it in.

Then the various salable items are placed in the company's sales rooms.

"We never know what the value of unclaimed goods will be," explained one old-timer. "In one case we found a trunk filled with stamps of all kinds."

"Valuable stamps?" I asked.

"We never found out. We located a relative of the owner, who had died, in England; he took a chance on the stamps being valuable, paid our claim and had the trunk shipped to him.

Valuable items are found

"BUT one case we did hear about afterward! Some stored cases, bid in by us, turned out to hold oil paintings which we know from long experience usually have little value. We made no effort to dispose of them, but simply put them away.

"Finally a man came in to inquire about them. He had a legal order from the owner to buy them back, and so we turned them over to him at once. He said nothing at all when we brought them out, although I noticed that he looked very carefully at one of the small oval pictures painted on wood.

"We found out later that an art dealer had proclaimed them all genuine Renaissance paintings. One was an 'Old Master,' and their total value was more than \$100,000!"

A real mystery was reported some years ago by clerks in a New York storage company. A Frenchman, nervous and excited, leaped from a taxi and rushed into their office, carrying two heavy satchels.

He explained that he wanted a locked vault for the bags, which contained nothing but private papers. To prove it, he opened one bag. The company accepted them, the bill for six months' storage was promptly paid and the Frenchman rushed out again.

Exactly six months later, he returned, this time with two messenger boys to carry the bags. He was quite as agitated as before, and departed speedily.

Shortly after this, he was found murdered in a New York alley. What the papers were, what became of them, who killed him—none of this has ever been solved!

Certainly the life of the warehouseman is far from dull.



It's an old tune to Postage Meter users ...but it may be new to you! Time is saved in your office—because the Pitney-Bowes Postage Meter can print meter stamps faster than anybody can stick old fashioned stamps. And time is saved in the postoffice, too—because Metered Mail need not be faced, postmarked, cancelled! The postmark is printed when the meter stamp is printed, and the meter stamp is cancelled when printed! So Metered Mail gets out of the postoffice faster, on its way sooner.

And postage costs go down, as well. Postage in a meter can't be lost, or stolen; can't be used for anything but your business mail. And the Postage Meter never runs out of denominations, can print any postage unit required from one-half cent to ten dollars!...Postage accounting is easy; three visible counters tell all at any time—how much postage is on hand, how much has been used; and the number of pieces mailed... Like to join the chorus of Metered Mail users? Then ask the nearest Postage Meter Co. office for a demonstration in your office!



THE POSTAGE METER Co.

1314 Pacific St., Stamford, Conn.

PITNEY (METERED MAIL) BOWES

Branches in principal cities
Consult your telephone directory



—when he gave
us a **Handi-pen**
for every desk

You get the blessing of everybody in your business, when you do away with waste, annoyance, and needless strain by installing Handi-pen. Holds a year's supply of ink — pen rests in ink, ready to write. No constant clogging, dipping, flooding. No nuisance of frequent refilling. Used by famous business leaders. \$2.50 to \$45.00—including beautiful de luxe sets for executives. HP-5 illus., \$4.00. Equip your business with Handi-pen, and save time, work, and money. See your stationer for details of 10-day trial offer, or order direct.

Sengbusch Self-Closing Inkstand Co.
4NB Sengbusch Bldg. Milwaukee, Wis.

General Foods Declares Preferred Dividend

Directors of General Foods Corporation at a meeting held March 8, 1939, declared a quarterly dividend of \$1.12½ a share on the 150,000 outstanding shares of the company's \$4.50 Cumulative Preferred Stock. The dividend is payable May 1, 1939, to holders of record April 10, 1939.

* * *

Among the products of General Foods are: Maxwell House Coffee—Jell-O—Post Toasties—Grape-Nuts—Grape-Nuts Flakes—Postum—Post's 40% Bran Flakes—Whole Bran Shreds—Huskies—Baker's Premium Chocolate—Baker's Cocoa—Swans Down Cake Flour—Diamond Crystal Salt—Calumet Baking Powder—Baker's Coconut—Sanka Coffee—Kaffee Hag Coffee—Minute Tapioca—Log Cabin Syrup—Certo—La France—Satina—Birds Eye Frosted Foods.

GENERAL FOODS

250 Park Avenue • New York, N. Y.

Distribution Services and Costs

A 50-page booklet on methods for improving distribution and reducing costs. 15c per copy.

Dept. of Distribution
U. S. Chamber of Commerce, Washington, D. C.

If You Print a Report for Employees

(Continued from page 42)

inches, and done in colors, showing the split-up of "the Westinghouse dollar" of receipts, was issued by the Industrial Relations and Comptroller Vice Presidents of Westinghouse Electric & Manufacturing Company, supplementing its pamphlet reports.

A bar-chart, with each bar made up of dots representing cents, was used very effectively by The Cincinnati Street Railway Co. in its publication *The News*, to show "where every \$1.00 of revenue went in May, 1938." This was under the heading, "A Statement Which All Can Understand." It carried the admonition, "Compare with statement," referring to a table of totals.

Cups to show coffee and tea sales and dollar signs to show expense of distributing goods were used ingeniously in bar-charts by Jewel Tea Co., Inc.

A full-page black-and-white picture of a ladle loaded with steel, was used in the *Wierton Steel Employees Bulletin* to show the items which must be paid for by the steel that employees help produce. It is headed, "What Happens to the Money Collected from Our Customers? (From the National Steel Corporation Annual Report to Stockholders, for the Year 1937)."

Drawings across the top or the bottom, or on the margin, of a page showing the president—representing the management—and groups respectively of employees, customers, and stockholders also help to bring out a realization of the interdependence of those concerned in the business and in its prospects. Caterpillar Tractor Co., Johns-Manville Corporation, and Monsanto Chemical Company used this technique to advantage.

Illustrations can help

MARGINAL illustrations, such as a cash register for sales, a capitol dome for taxes, Father Time for depreciation, and factories in outline for investment in buildings, are used effectively opposite the various tabulated items in income and expense statements and in balance sheets.

But comic cartoons should be avoided. To the outsider, at least, they seem to take away from the dignity and force of the presentation.

Furthermore, the main reliance should be placed not on the illustrations, but on the clear wording of the headings preceding the tabular statements and on the sincerity, simplicity, and completeness of the answers to questions. Many of the most effective reports contained no pictorial material—just a good straight-away presentation of facts.

In explaining the figures in the operating statement it is good to start out with what the company got from its customers, to show and subtract the cost of materials, and then to show how the remainder was distributed. Even if employees do not understand accounting,

it can be safely assumed that the average worker does realize that four minus two leaves two—always.

One important explanation is of the charge for depreciation. International Harvester explained this simply but clearly:

Provision for replacement of property worn out in service.

When showing how the dollar left after purchases of materials was distributed for different items of expense, it is well not only to give total figures but also percentages. Since, however, many Americans apparently can think more readily in terms of fractions than in percentages, it would be advantageous to show these relationships both ways. I found only one case where this was done, but it would make for clearness. Mechanics, plant workers, and most office girls and boys know plain arithmetic.

Propaganda should be avoided

IT IS perfectly legitimate for management to show how much of its gross income goes for taxes, and even to discuss such things as the undistributed profits tax which make the providing of steady employment and steady dividends particularly difficult. This was done in most of the reports. It is a mistake, however, to use a report to employees for airing an executive's political views. That is propaganda, and the average American has a pretty keen sense for propaganda and dislikes it.

The balance sheet can be made readily understandable even to those who don't understand that the assets, on the left side, comprise debit balances, and the liabilities, on the right, are made up of credit balances under double entry bookkeeping. Simplified balance sheets for employees in several of last year's reports were made rather clear under headings such as these by Cluett, Peabody & Co., Inc.: "Assets—What the Company Owns;" and: "Liabilities—What the Company Owes and Stockholders' Interest." Here is another pair, that of the Eastman Kodak Company, which was specially effective: "Assets (What the Company Owns and What Others Owe It); Liabilities (What the Company Owes, Plus the Stockholders' Investment to Keep the Business Going)."

There have been some attempts at elementary descriptions of surplus. Some of last year's statements brought out fairly clearly that earned surplus is not stockholders' original investment but earnings left in the business, partly to meet unforeseen conditions. Several developed the point that, although part of the surplus is in cash, most of it is invested in buildings, equipment, goods in process of manufacture or in stock, shipments made to customers and not yet paid for, and so on.

There is room for improvement in these explanations. In view of the public

discussions of surplus and the effect of taxation on earnings left in the business, one recommendation is that any company reporting to its employees tell the situation as to its own surplus as clearly as possible. Avoidance of the subject tends to make the employee feel that the company has untold wealth out of which it could provide work at high wages whatever happens.

It is recommended that balance-sheet items be set up both as totals and as averages per employee. For the latter the total of each item is divided either by the number of employees at the end of the year, or, better, by the average number on the pay rolls during the year. This averaging makes clear the necessary investment in machines and other things back of each employee's position.

The question and answer form of "taking the mystery out of business" is a good one. Here are some of the questions employees ask—these having been taken from the report of the Monsanto Chemical Company:

"Who are our stockholders and why is it necessary to report to them every year?" "Where does the employee fit into the picture?" "What does the stockholder get, and what do I get?" "But who is our real boss?" "What is back of my job?" "What effect has the current 'depression' had?" "What is being done to offset 'depressions'?"

Other questions concern the progress and the profits of the past year, and the prospects for the year ahead.

If a company has had to borrow, it is advantageous to discuss the questions naturally arising about the borrowing. "Why are we borrowing?" is the way the Phillips Petroleum Company headed its section on this phase.

But, in using the question and answer form, the company should avoid a flip tone such as this, as to a given question: "Well, we were waiting for that one."

Discuss layoffs seriously

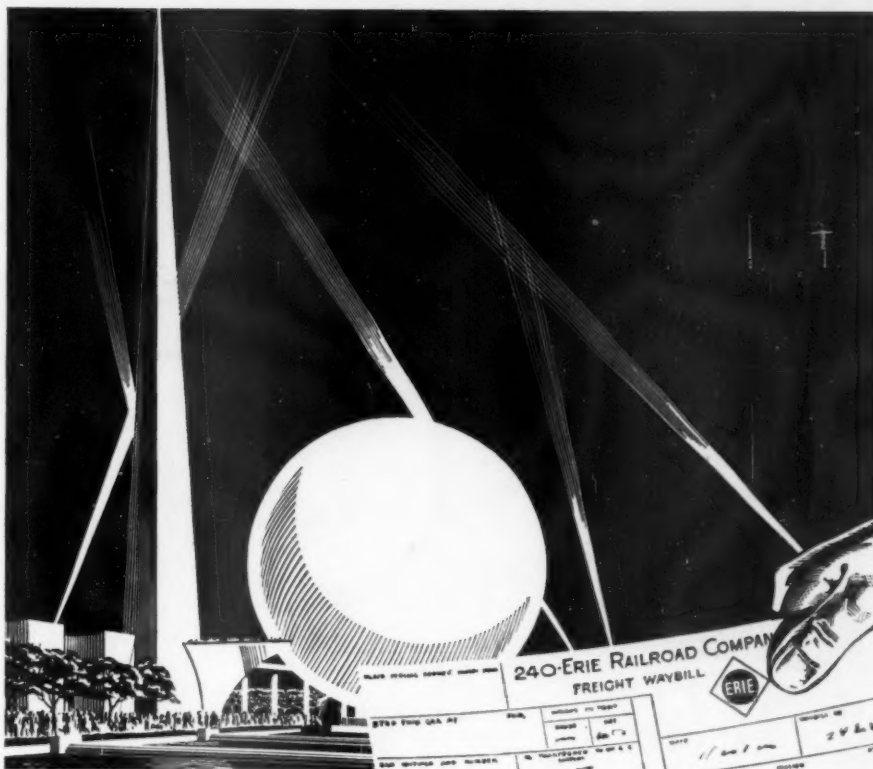
IN DISCUSSING layoffs, a management should be careful not to overstress the idea that, when dividends are reduced or passed, "the stockholders are laid off." Since the investor ordinarily is not dependent solely on dividends from the particular company, the analogy seems a bit fuzzy, at least to the employee who gets paid for his work per hour, day, week, or month, or per piece. If the analogy is used the difference should be brought out.

Do non-supervisory employees really understand income and expense statements and balance sheets, even when put in simplified form and everyday language?

I sent this question to many of the executives who have issued reports to employees and are going to issue them again this year.

They answered that a majority did. One pointed out that, even if they did not fully understand, the very submitting of the statements was worth while. The vice president of General Foods Corporation wrote:

The important thing regarding dis-



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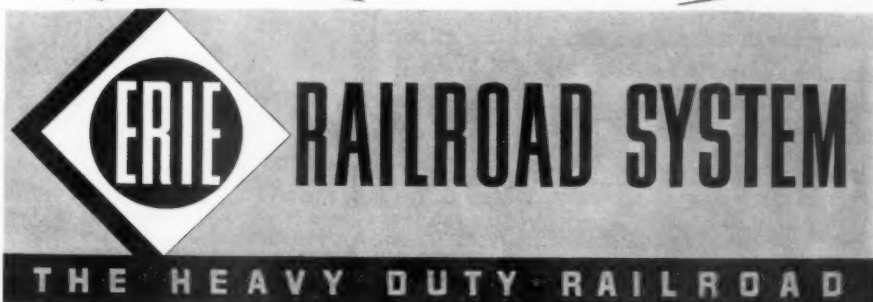
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To get *tax* relief, we must first get *activity* relief. No good to rail at taxes and at the same time urge government activities in which we have a special interest.

• • • • •

THIS is a tax depression.

Business “enterprise” that must take risks is working today almost solely to pay taxes and wages. Nothing left to reward the dollar that “ventures.” No solvent way of expanding. No daring to increase payrolls or take risks in starting new ventures—because there’s no telling what may happen to one item of expense—taxes. For taxes are a first charge on every operation.

There’s a willingness and even a desire on the part of Congress to effect economies which will not only reduce taxes but also move toward a balanced budget—that other confidence-creating situation so needful to business enterprise. There are honest and courageous men in Congress today who stand ready to take the hard road to recovery, if we citizens will only back them up.

A United States Senator said to us the other day: “Help us to create a sane sentiment on public spending and borrowing. Remember, followership is as impor-

tant as leadership. Citizens—and too often your businessmen—make it hard for us when they say ‘We’re for economy, but—don’t cut my pet activity’.”

• • • • •

DURING the Great War two soldiers in the trenches were talking:

“We’ll win,” said one, “if they’ll only hold out.”

“They? Who?” said the other.

“The civilians back home,” replied the first.

We’ll get tax reduction if, only, and when the civilians back home demand it and, as Senator Borah once said, become indignant and even angry if they don’t get it.

Write for free pamphlet “Taxes—and Recovery.”



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tribution of annual reports to rank and file employees is not whether they grasp the figures, but the fact that management thinks enough of them to give them the report, and that management is not afraid to disclose to them the results of company financial operations. On the other hand, it is no more than fair to assume that the ability of employees to comprehend financial figures is no less than the ability of the stockholders.

The vice president in charge of industrial relations for Westinghouse Electric & Manufacturing Company, which uses various media for reporting to its employees, made a strong point in answer to this question:

Even though the statement may seem to be over the head of many, it does, in fact, reach definitely those who have the capacity to receive it, and they in turn, in their contacts, affect the others who are not of the same intellectual caliber, but who are, nevertheless, affected by the attitude of those around them whom they respect.

"Do you intend to issue another report to your employees in 1939?"

This question was sent to many of the executives who have issued such reports. With only one exception those replying wrote that they are going to do so again this year. The exception is a railroad which discontinued the practice last year because a simplified statement in its employees' magazine had misled certain taxing officials into thinking its assessment should be increased.

No company should issue a financial report to its employees unless it intends to keep it up. Beginning the practice and then discontinuing it would create an impression just the opposite of the attitude of frankness which is desired.

Besides this, yearly reports have cumulative effect.

One of the companies which has had sustained experience in this field is Cluett, Peabody & Co., Inc., which has issued an "annual financial statement to employees," regularly since 1934. Its vice president in charge of this made the following significant observation:

One of the outstanding objectives of the report is to make the employee conscious of the necessity for making a profit. This, of course, has to be done throughout the years. We feel that we now have a rather unusual acceptance among our employees of this necessity. We have striven for a reception that would not be such as immediately to create a desire for greater participation in the revenue dollar when a profit was shown, but one that would rejoice when there was a profit made, since it assured the carrying on of the business.

The method of distributing the reports is worth some attention. Several companies mail them to the employees' homes. That looks like a good plan, since it emphasizes the consideration given to each employee as a member of the organization.

Some minor points of terminology should be considered. The words "employee" and "employees," in newspapers almost everywhere, are spelled with only one "e" in the final syllable. Although Websterian English calls for two, the double "e," in a report, is a little foreign to everyday usage. The newspaper spelling is recommended.

Likewise a wrong note is insinuated when the employees are referred to as "jobholders." The word connotes, from the language of politics, some kind of a spoilsman. The recommendation is to use the word "employees."

How far the management should go in



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stressing the comparative interests of stockholders, employees, management, consumers, and government is a question for careful consideration by the top executive and his advisers. One of the strongest of last year's reports stated emphatically that, although the management owed a great responsibility to the stockholders, since it would not exist except for their money, the employees, because they invest their time, brains, and labor, had an even bigger stake in the business. Probably not many managements will go that far. But any management issuing a report to its employees will do well to bring out clearly its recognition of their interests.

The interdependence of employees, stockholders, customers, and management can be brought out; also, management's explicit recognition of its social responsibilities. It is recommended that each management make a strong statement that a part of its job is to recognize

its own duty to promote, in balance and with fairness, the interests of employees, stockholders, customers, and the public.

Several companies took the precaution to put footnotes on their reports to employees stating that these documents were not stock-selling prospectuses.

Those which included obviously promotional material for selling the companies' products were not so impressive as those which stuck exclusively to the financial story.

Of course, each company has its own individuality, and no corporation can safely follow in detail the practice of another, but it can derive from the experiences of others principles and policies and then adapt them to its needs.

A final word of warning is that no company executive should expect a report to employees to do the whole industrial relations job. It is only one item—although a major one—in an industrial and public relations program.

Farm Tenantry Can Be Profitable

(Continued from page 26)

nite farm practices increasing the value of the land.

For instance, White agreed to farm on the contour to end washing of soil. He agreed to plant, and turn under, ten acres of legumes each year for fertilizer. He agreed to clear three acres of woodland each year for pasture and keep the underbrush out of the cleared space. He agreed not to sell wood or to cut desirable trees for his own wood without permission of the landlord. He was to be allowed to cut posts and use fences in any manner to suit his convenience.

And, strange to most share crop contracts, it provided that the farmer could use two acres for a garden to produce his own food.

The farming program was outlined by extension specialists from Oklahoma A. and M. college. White was financed by borrowing \$240.50 from the Farm Security Administration. Both services are available to any farmer.

While no single year's experience proves an entire program, no one can deny that the auditor's report of the accounts kept under the contract are enough to raise hopes. Summarized these results are:

1. The Whites were \$723.90 better off 11 months after they signed their lease, and the auditors did not count in \$77.97 paid back to the Government on their loan.

2. The landlord turned back \$100.79 in share crop rent under the contract and received therefor work which company land men estimate would have cost \$200 with hired labor.

3. Conservative farmers in the neighborhood estimate the value of the \$200 in actual work, cleaning up, grassing the blowing sandhill, fertilizing the soil, and clearing the pasture actually has increased sale value of the land \$500.

The tenants began the year with assets in tools and livestock of \$266. An inventory at the end of the year showed tools, livestock, feed, seed and winter

growing crops worth \$722.25—a net gain of \$456.25.

The tenants' inventory of household goods, furniture, and personal belongings in February was \$97.50. At the end of the year there were new furniture, clothing, a pressure cooker, laundry equipment, stored potatoes, canned fruits and vegetables, which raised that total to \$256.80—a net gain of \$159.30.

The Whites began the year without money and with a loan of \$240.50. They ended with \$7.56 cash, \$100.79 deposited in the bank as escrow rent which was returned, new farm equipment, feed, food, and household goods, and \$77.97 paid on their note.

There are other factors which interest the farmer or farm owner. First, White's record is for a year of about average weather conditions. So it is no fluke. The tenant moved on the farm too late in the year to build terraces. But he did farm on the contour, planted on top of broad, flat ridges for strip crops and cultivated carefully.

Because he moved so late, he had to stop in the midst of plowing to build fence for his livestock. He had to repair the pump, and while he was at it built a new concrete platform which made it sanitary and frost proof.

He planted Sudan grass on the blowing sandhill, cut a hay crop, and had the roots and a small autumn growth left to hold it against the high winds of winter.

The general farming program consisted of 22.1 acres in general crops, 5.7 acres in cotton, five acres to soil building. He has complied with the Government's cotton crop restriction program, for which, under his contract, he gets the entire bonus. He produced tomatoes, beans, peas, watermelons, corn for feed, and corn for seed which he sold for \$80.

White's farming plan called for work. His neighbors complained, in fact, that "he's not being fair, because no one else can, or will, work that hard."

Thus, the meticulous record which the

young farmer kept is perhaps the most interesting document of the summer. White reported exactly 2,301½ hours for the 9½ months from February 2 through a half month of November. It even included the chores which took from 27 to 57½ hours a month, 17 per cent of the total. The average is a little more than 53 hours a week, 7½ hours a day for seven days a week.

Worked long hours

THE figures do not minimize the charge that White worked. But they do support the contention of agricultural economists that cash crop farmers probably owe some part of their low financial rating to the fact that they work hard about three months and expect to loaf the rest of the year.

White's hours are shorter than those customarily worked by store clerks, filling station attendants, and most business men. They are longer than those of the skilled laborer. His report does not include the two and a half months of winter, either. But the feed he has stacked behind his barn; the flock of hens which has increased from 20 to 75; the two dairy cows where there was but one; and the pig being fattened on home grown corn for meat show that White isn't exactly idle even during the winter.

The feed, more than anything else, illustrates the difference between a long-term program and that of the average sharecropper. The latter wouldn't need it. He would have no cow, no hog, no chickens to eat it, and would be relying entirely upon the landlord to keep him in "sow belly, sorghum and corn meal" until cotton picking time rolls around.

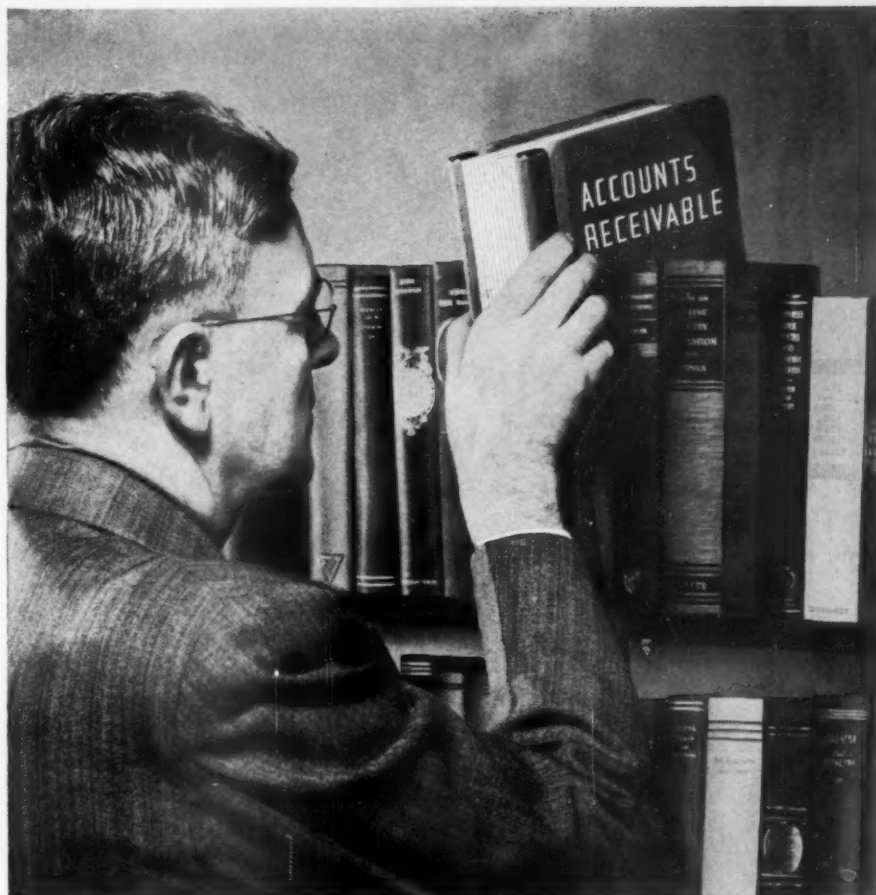
There would be no nine bushels of potatoes, 166 quarts of canned vegetables, and 100 quarts of fruit in the cellar. There wouldn't even have been a garden last summer. Instead of spending the time in repairs and planning for next year the average tenant would be spending what little cash he could borrow for gas and oil for an old automobile, running up and down the roads seeking another place to which to move.

Next year will be better, the Whites say. Of course! But business men can afford to consider the present. This year—today—one tenant farm family bought machinery, equipment, seed, household goods, clothing, and canning supplies and paid some merchant, some jobber, some manufacturer, a profit. They absorbed, instead of creating, a surplus.

Five years from Feb. 2, 1938, the White family should have cash to pay rent on the best farm in the county—or perhaps make the down payment upon one of its own—still good customers for business men.

The Oklahoma Gas & Electric Co., meanwhile, will have a property that will pay taxes and a good profit, without squeezing any farmer. It will have sale or production value which it didn't possess before—net profit!

The possible variations upon the lease are many. But whether it is a new rock house, new soil, or net profits from good land that a landlord wants, or a profitable partnership with a tenant, it is possible under tenantry.



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